



City of Fairview, Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009



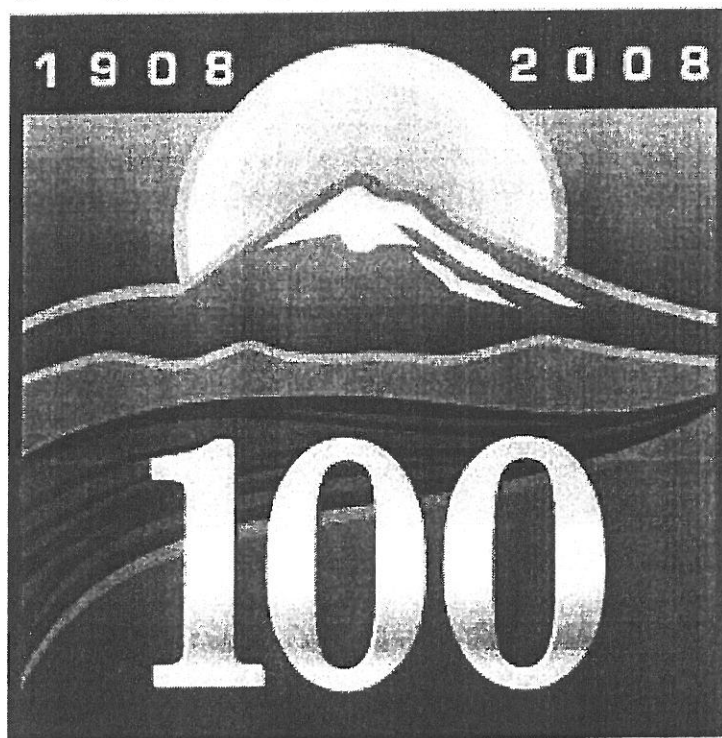
CITY OF FAIRVIEW, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

**Prepared by:
The City of Fairview
Finance Department**

FAIRVIEW



CENTENNIAL YEAR

CITY OF FAIRVIEW, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2009

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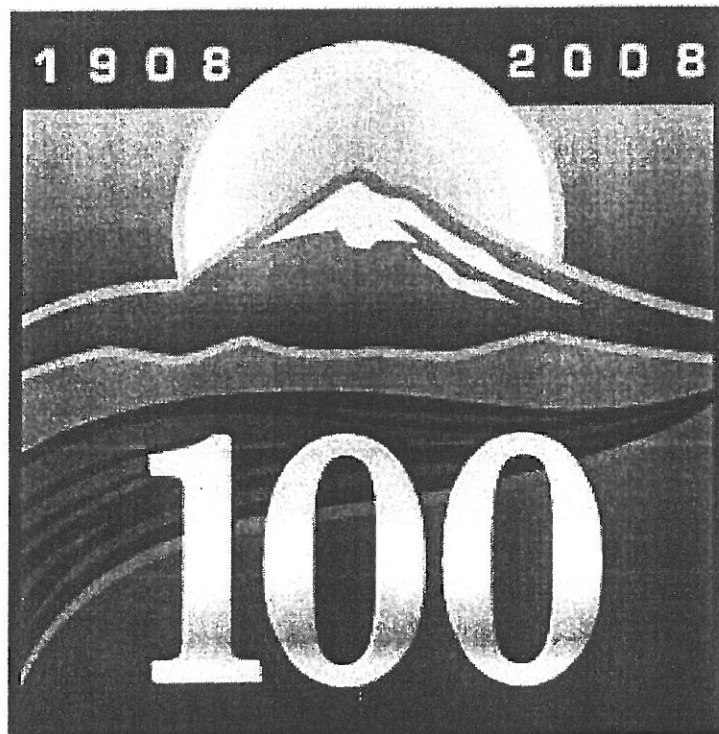
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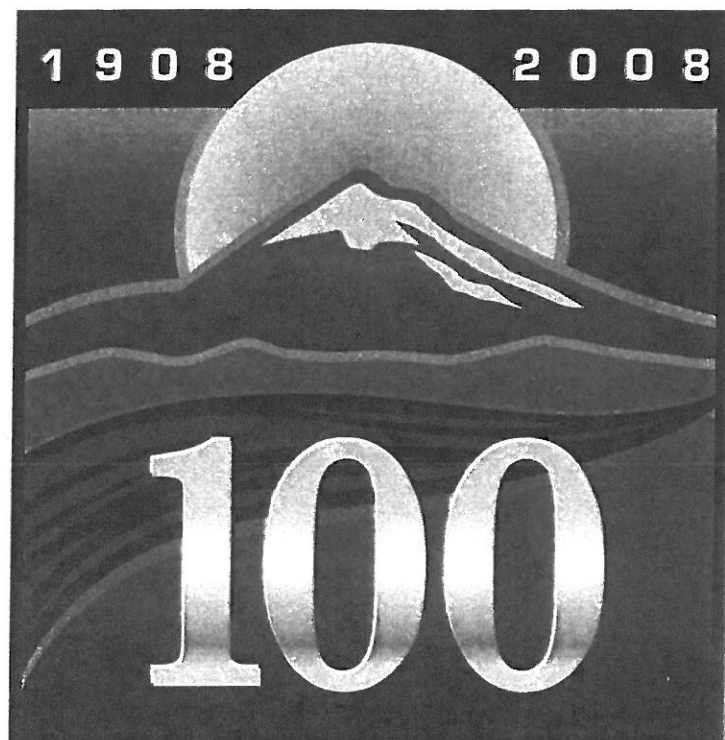
FAIRVIEW



CENTENNIAL YEAR

INTRODUCTORY SECTION

FAIRVIEW



CENTENNIAL YEAR



1300 NE Village Street
Fairview, Oregon 97024
503-665-7929 Fax 503-666-0888

December 31, 2009

Honorable Mayor Mike Weatherby, City Council Members, and Citizens of Fairview,

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Fairview, Oregon for the fiscal year ended June 30, 2009.

Management accepts full responsibility for the contents of the CAFR. The accuracy of the information provided in this report is reasonably assumed due to a comprehensive framework of internal controls. The goal of the internal control framework is to minimize opportunity, as opportunity can not only permit but also promote fraudulent activity. However, internal controls also have inherent limitations. The cost of implementing the internal controls framework should not exceed the estimated benefit. Therefore, a reasonable, but not absolute level of assurance is achieved.

Independent assurance of the reliability of the financial statements is crucial. Therefore, an independent financial audit was conducted by Dickey and Tremper, LLP. The auditor issued an unqualified opinion on the City's financial statements.

Immediately following the independent auditor's report in the financial section of the CAFR is Management's Discussion and Analysis (MD&A). The Letter of Transmittal provides subjective information and should be read not independently, but in conjunction with the MD&A. These reports complement one another and when utilized together provide a comprehensive overview.

CITY PROFILE

The City of Fairview is located in northwestern Oregon's Multnomah County, twelve miles east of Portland. It covers an area of approximately four square miles with an estimated population of 9,740 as of June 30, 2009.

Fairview was incorporated in 1908 and operates under the provisions of a charter first enacted in 1911 and most recently amended in 2004. The City operates under the Council-Administrator form of government. The Council is comprised of a Mayor and six elected Council members. The Mayor and Council members each serve four-year terms.

The City Administrator is the administrative head of the City and oversees implementation of Council policies, as well as the day-to-day operation of the City. Five departments collaborate to provide services to the citizens of Fairview. The Administration, Community Development, Finance, Police and Public Works departments directly provide residents with a wide range of municipal services. These services include: police services, water, sewer collection, stormwater management, parks, planning and development, code enforcement, municipal court, general administrative services and special community events. Fire services and sewage treatment are contracted with the City of Gresham, while building services and inspections are contracted with Winstead and Associates.

Fairview's annual budget guides the City's spending. The budget is prepared in accordance with the provisions of both Oregon Local Budget Law and the Multnomah County Tax Supervising and Conservation Commission. The budgeting process includes the appointment of a fourteen member Budget Committee, public hearings providing an opportunity for citizen feedback, and approval of the final budget by City Council.

Budgetary controls for all funds is maintained by major category of expense, such as personal services, materials and services, capital outlay, debt service, and transfers. Contingency line items are budgeted in the general operating fund, street fund, and major operating funds (water fund, sanitary sewer fund, and stormwater fund).

For additional statistics and information about the City of Fairview, please refer to the Statistical Section of this report.

ECONOMIC CONDITION

Residential growth with the City of Fairview has been virtually non-existent over the past several years, as the City approaches residential build-out. This will limit future increases in residential property tax revenues.

Over the past 11 years, residential growth averaged 6.6 per year. In 2005, the City experienced growth of 1.9 percent, while 2006 had growth of only 1.7 percent and 2007 continued to decline with only 1.1 percent growth. The City did not issue any residential

building permits during fiscal years 2008 or 2009. The year 2000 was a particularly mentionable year, with residential growth with the City of Fairview exceeding 20 percent.

Fortunately, the City still possesses significant opportunity for commercial and industrial growth. Eventually, this growth will increase both tax and operating revenues.

Fairview's close proximity to Portland and Gresham (Oregon's fourth largest city) provides residents with diverse employment opportunities. However, the unemployment rate within Multnomah County for fiscal year 2008/09 of 8.6 percent was slightly lower than the national average of 9.5 percent.

While there are over 120 businesses within Fairview, historically two employers have provided the majority of the City's employment. Of the approximately 3,200 people employed within the City of Fairview, over 46 percent have been employed by either Townsend Farms or Reynolds School District. Other large employers in the City of Fairview include NW Material Handling Group, Knight Transportation, and Target.

MAJOR FINANCIAL INITIATIVES

Fire and Police Dispatch Services

The City of Fairview currently contracts with the City of Portland's Bureau of Emergency Communications (BOEC-911) for police and fire dispatch services. The cost of BOEC services for fiscal year 2008/2009 was \$227,198. BOEC dispatch services for 2009/2010 are budgeted to cost \$220,422.

Fire Protection Services

Fairview maintains an intergovernmental agreement with the City of Gresham to provide fire protection services to its residents. A new ten year agreement was negotiated in 2006. The amount paid to Gresham for fire protection during fiscal year 2008/2009 was \$651,625. The cost of fire protection services for fiscal year 2009/2010 is budgeted to cost \$688,514. Over the life of the ten year agreement, cost will rise over \$311,000, an increase of nearly 60 percent from fiscal year 2005/2006.

Early Retirement of City Hall Debt

Over the past six years, the City's departments focused heavily on making city operations more efficient. All expenditures were examined and reductions were made where possible. Revenue collections were reviewed and refined where possible. The City was able to set aside \$1.8 million for the retirement of the City Hall debt. At the direction of Council, the principal debt on the Fairview City Hall building was paid in full in July 2009.

Implementation of New Financial System

Over the last five years, the City has set aside funds for the implementation of a new integrated financial software system. In addition, the City hired a Management Analyst to manage the implementation of the system. The Request for Proposal (RFP) was sent

out January 2009 and as a result Tyler Technologies' INCODE system was chosen. Implementation plans are being developed now, and the goal for "go live" is July 1, 2010. The cost for this project is estimated to be \$127,000.

Construction of Well #9

Through the American Recovery and Reinvestment Act (ARRA) loans program the City received funds to facilitate the construction of a new drinking water well (Well #9). When completed, this well will supply the City with approximately 1,500 gallons per minute of drinking water. This well will replace aging Well #3 and be an additional point of appropriations for Well #5. The total estimated cost of the project is \$1,654,500. The ARRA loan program is funding \$625,000 of the total cost of the project.

ECONOMIC CLIMATE AND FUTURE

The City of Fairview, due to its close attention to revenues and expenditures has positioned itself to absorb some of the economic impacts of the current financial crisis. For fiscal year 2009/2010 the City was able to prevent staff lay-offs; however, \$289,000 of reserve money (savings) was used to balance the budget. Utilizing savings to provide services is not something that can be sustained. Council Financial Guidelines are clear that "Fund balance (savings) shall not be used to pay for ongoing revenues and expenditures." It is clear that as property tax revenue dollars decline, unemployment rises, and state shared revenues continue to decline, the City must stay vigilant in monitoring its spending in order to continue to provide its services to the citizens of Fairview. With these thoughts in our minds, we move forward into the next budget season.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairview for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

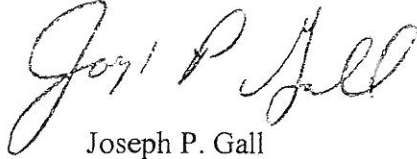
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report was a City-wide effort. Thank you to all the departments of the City for their diligence and extra efforts in

compiling data and clarifying reports. Sincere appreciation is also extended to the Mayor, City Council, and Budget Committee for their continuing leadership and support.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Joseph P. Gall".

Joseph P. Gall
City Administrator

A handwritten signature in cursive script, reading "Samantha D. Nelson".

Samantha D. Nelson
Finance Director

**CITY OF FAIRVIEW
OFFICIALS OF THE CITY
AS OF JUNE 30, 2009**

MAYOR AND CITY COUNCIL

| <u>Name and Address</u> | <u>Term Expires December 31,</u> |
|-------------------------|--------------------------------------|
| Mike Weatherby, Mayor | 2010 |
| Balwant Bhullar | 2012 |
| Barbara Jones | 2012 |
| Ken Quinby | 2012 |
| Steve Owen | 2010 |
| Lisa Barton-Mullins | 2010 |
| Larry Cooper | 2010 |

City Administration

Joseph Gall, City Administrator

Samantha Landau, Finance Director
Robert Cochran, Public Works Director
John Gessner, Community Development Director
Ken Johnson, Chief of Police
Beery, Elsner & Hammond, LLP, Legal Council

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairview
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

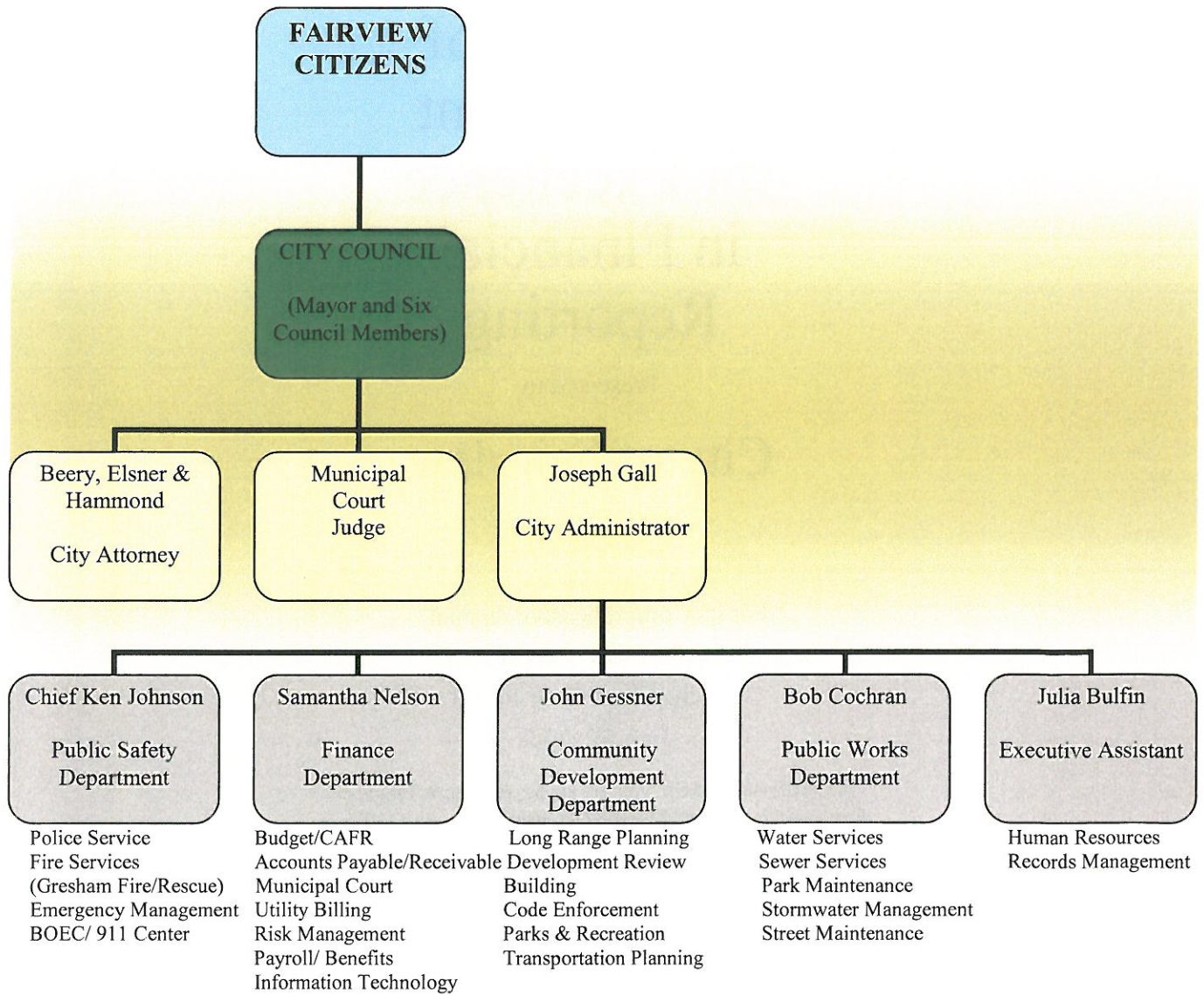


A stylized, handwritten signature in black ink.

President

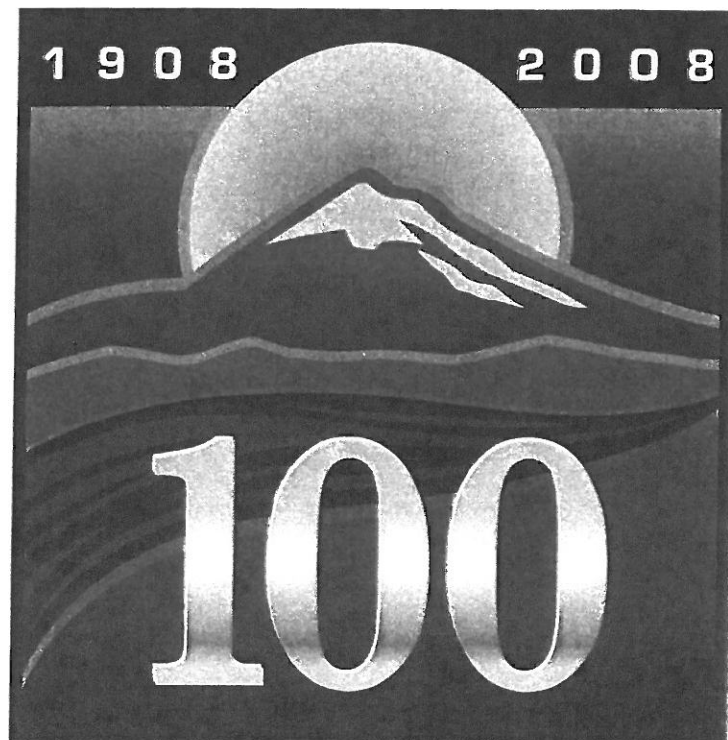
A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



FINANCIAL SECTION

FAIRVIEW



CENTENNIAL YEAR



Dickey and Tremper, LLP

Certified Public Accountants and Business Advisors

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P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Fairview, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Oregon, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2009, on our consideration of the City of Fairview, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A

INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages a through o is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

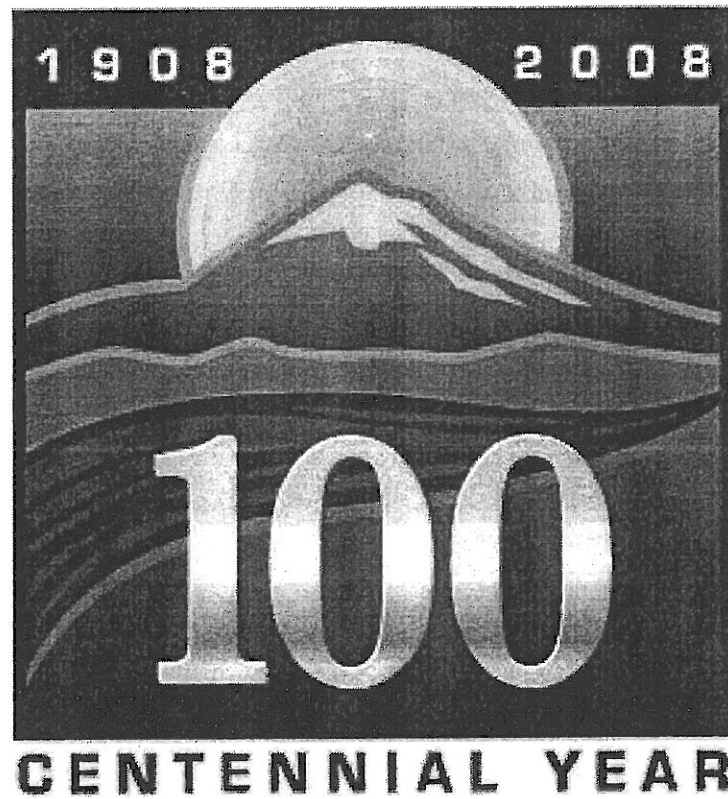
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, accompanying financial information listed as supplemental information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The financial information listed as supplemental information in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion on them.

Dickey and Tremper, LLP
Dickey and Tremper, LLP
Certified Public Accountants

December 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

FAIRVIEW



CITY OF FAIRVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009

As the financial management for the City of Fairview, Oregon we offer this narrative overview and analysis of the City's financial activities during the fiscal year. It is intended to be an easily readable analysis that focuses on the year's financial activities, significant changes in the City's financial position, deviations from the approved budget, and individual fund issues or concerns. This Management's Discussion and Analysis is based on presently known facts and conditions that exist as of the date of the independent auditor's report. Additional information outside the scope of the analysis can be found in the Letter of Transmittal and individual financial statements.

The Management's Discussion and Analysis should be read in conjunction with the additional information provided in the Letter of Transmittal and the Basic Financial Statements included in the Comprehensive Annual Financial Report.

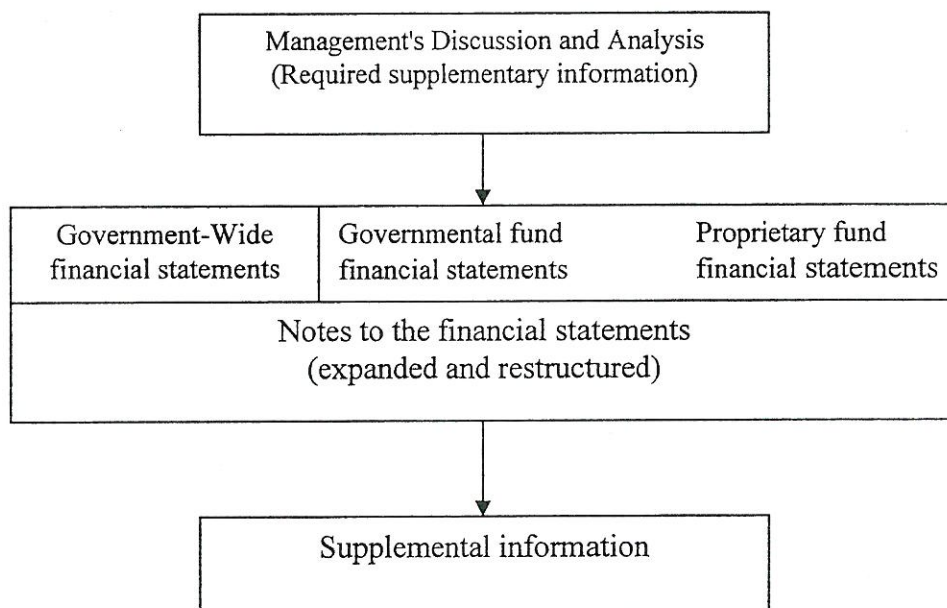
FINANCIAL HIGHLIGHTS

- The City's total net assets at June 30, 2009 are \$39.6 million; a decrease of over \$157,000 from the prior year. The reason for this decrease is primarily due to depreciation expense of capital assets.
- The assets of the City exceeded its liabilities at the close of the fiscal year by over \$39.6 million (net assets). Of this amount, \$7.6 million is unrestricted and available for spending to meet the City's ongoing obligations to citizens and creditors.
- The expenditures for the general fund were \$695,831 (11.4%) less than the final budgeted expenditures. This is primarily due to curtailed spending imposed by management due to the less than anticipated levels of resources received by the city. Total resources and transfers in from other funds decreased by approximately \$127,000 (2.35%).
- The capital assets of the City decreased by nearly \$744,000. This decrease is primarily due to depreciation expense.
- Long-term debt decreased by over \$354,000. This decrease is due to scheduled principal payments made on outstanding debt.
- Governmental activities revenue decreased by over \$181,000. This decrease is primarily due to decreases in inter-governmental revenue, interest and investment revenue, and general government charges revenue.
- Business-type activities revenue increased by over \$297,000 despite a \$90,000 loss in interest and investment revenue. This increase is primarily due to increased charges for services due to a rate increase which was assessed to meet the demands of capital infrastructure projects related to the water system and stormwater system.

OVERVIEW OF FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments, the City's presentation of its Annual Financial Report's financial section has changed significantly. A graphic is provided below to help in understanding how the financial section is presented.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. The financial section also contains supplementary information in addition to the basic financial statements.



Government-Wide Financial Statements- The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities of the City include the following:

- General Government
- Public Safety
- Community Development
- Parks
- Highways and Streets
- Public Works

The business-type activities of the City include the following:

- Water Operations
- Sewer Operations
- Stormwater Operations

The government-wide financial statements can be found on pages 1 and 2.

Fund Financial Statements- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories:

- Governmental Funds
- Proprietary Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term funding decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 5 and 7.

The City maintains eight governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds. The two major funds are General Fund and Fairview Lake Sewer LID Debt Fund. The six non-major governmental funds are State Tax Street Fund, Administrative Excise Charge Fund, Equipment Replacement Fund, Facilities Maintenance Fund, Parks/Open Spaces Fund, and City Hall Bonded Debt Fund. Data from the other governmental funds are combined into a single, aggregated presentation under Other Governmental Funds. Individual fund data for each non-major governmental fund is provided in the form of combining statements starting on page 33.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison has been provided for each fund to demonstrate compliance with the adopted budget.

The governmental fund financial statements can be found on pages 4 and 6.

The City maintains one type of Proprietary Fund:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has nine enterprise funds that it uses to account for its water, sewer and stormwater utilities.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds, all of which are considered to be major funds, are reported separately as proprietary fund financial statements in the basic financial statements.

The City also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds found on pages 57 through 68.

The proprietary fund financial statement can be found on pages 10 through 12.

Notes to the Basic Financial Statements- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

Other Information- A budgetary comparison schedule is provided for all governmental funds and combining statements and budgetary schedules are presented for Water operations, Sanitary Sewer operations, and Stormwater operations. Supplementary information is found beginning on page 32.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

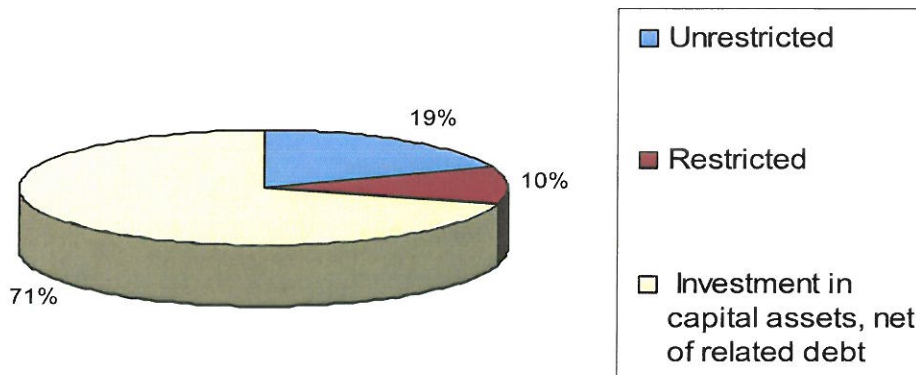
As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$39.6 million at the end of FY

2008-2009. This is a \$157,000 decrease from the previous year. The reason for this decrease is primarily due to depreciation expense of capital assets as well as decreased revenue streams associated with the economic recession.

The following table shows a comparative summary of net assets at fiscal year end:

| City of Fairview | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Summary of Net Assets | | | | | | |
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | | |
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| ASSETS | | | | | | |
| Current and other Assets | \$ 7,812,000 | \$ 7,597,970 | \$ 4,245,408 | \$ 4,667,418 | \$ 12,057,408 | \$ 12,265,388 |
| Capital Assets | \$ 9,401,926 | \$ 9,283,599 | \$ 24,607,750 | \$ 23,982,314 | \$ 34,009,676 | \$ 33,265,913 |
| Total Assets | \$ 17,213,926 | \$ 16,881,569 | \$ 28,853,158 | \$ 28,649,732 | \$ 46,067,084 | \$ 45,531,301 |
| LIABILITIES | | | | | | |
| Current and other liabilities | \$ 410,528 | \$ 1,982,245 | \$ 671,413 | \$ 585,986 | \$ 1,081,941 | \$ 2,568,231 |
| Long-term liabilities | \$ 2,110,000 | \$ 485,000 | \$ 3,124,824 | \$ 2,885,069 | \$ 5,234,824 | \$ 3,370,069 |
| Total Liabilities | \$ 2,520,528 | \$ 2,467,245 | \$ 3,796,237 | \$ 3,471,055 | \$ 6,316,765 | \$ 5,938,300 |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | \$ 7,166,926 | \$ 7,173,599 | \$ 21,253,464 | \$ 20,857,090 | \$ 28,420,390 | \$ 28,030,689 |
| Restricted | \$ 738,296 | \$ 2,351,415 | \$ 1,476,792 | \$ 1,634,806 | \$ 2,215,088 | \$ 3,986,221 |
| Unrestricted | \$ 6,788,176 | \$ 4,889,310 | \$ 2,326,665 | \$ 2,686,781 | \$ 9,114,841 | \$ 7,576,091 |
| | \$ 14,693,398 | \$ 14,414,324 | \$ 25,056,921 | \$ 25,178,677 | \$ 39,750,319 | \$ 39,593,001 |

Net Assets June 30, 2009



The largest portion of the City's net assets (71%) is reflected in its investment in capital assets (i.e., land, buildings, improvements, vehicles and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and consequently, they are not available for current spending. Although the City's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (10%) represent resources that are subject to external restrictions on how they may be used. The restricted assets include funds reserved for debt service and capital projects associated with system development charges. The remaining balance (19%) is unrestricted net assets. These funds may be used to meet the City's ongoing obligations to citizens and creditors.

The City's Capital Assets decreased by approximately \$744,000 from approximately \$34 million to \$33.3 million and represents 2% of total assets. This is due to depreciation expenses as well as the rising cost of operations and infrastructure.

Governmental Activities decreased the City's total net assets by almost \$279,000. The primary elements of this decrease are as follows:

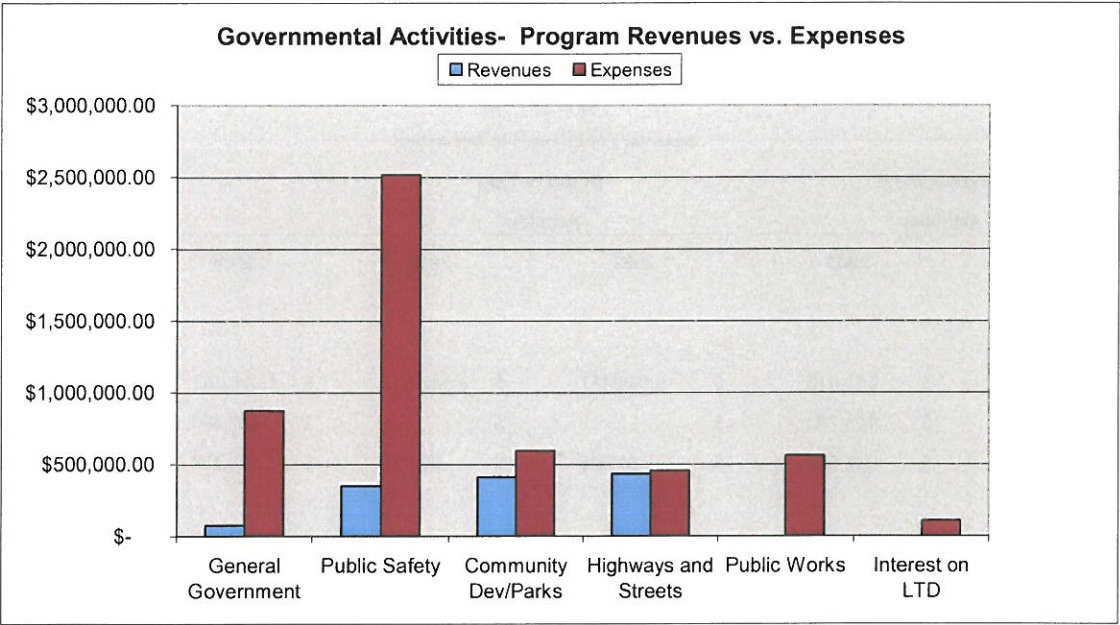
- Inter-governmental revenues decreased by \$108,700 as the state and counties received less revenue, there was less to "share" with local governments.
- Interest and Investment earnings decreased by \$146,700. The recession impacted financial markets including the Local Government Investment Pool (LGIP) resulting in significant declines in this type of revenue for the City.

- Expenses increased by 16.6% (\$729,000). Items included in this increase are the Teamster union contracted PERS pick-up of 6% of wages and overall increases in the cost of operations across departments.

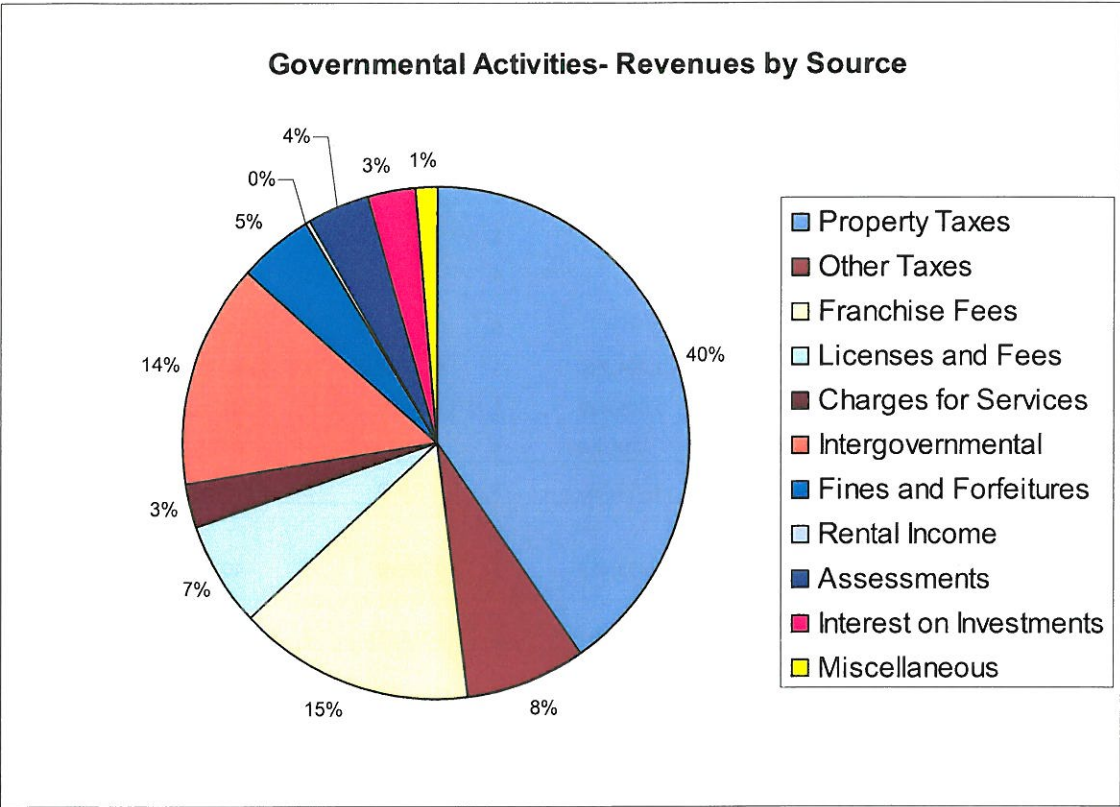
The table below provides a comparative summary of the changes in net assets:

| City of Fairview | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Summary of Changes in Net Assets | | | | | | |
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | | |
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 677,775 | \$ 542,820 | \$ 3,034,487 | \$ 3,387,803 | \$ 3,712,262 | \$ 3,930,623 |
| Operating grants & cont. | \$ 482,497 | \$ 443,780 | \$ - | \$ - | \$ 482,497 | \$ 443,780 |
| Capital grants & cont. | \$ 113,608 | \$ 282,661 | \$ 59,546 | \$ 87,358 | \$ 173,154 | \$ 370,019 |
| General Revenues: | | | | | | |
| Property Taxes | \$ 1,769,984 | \$ 1,879,580 | \$ - | \$ - | \$ 1,769,984 | \$ 1,879,580 |
| Other Taxes | \$ 1,441,293 | \$ 1,332,579 | \$ - | \$ - | \$ 1,441,293 | \$ 1,332,579 |
| Miscellaneous | \$ 79,714 | \$ 66,948 | \$ - | \$ - | \$ 79,714 | \$ 66,948 |
| Sale of Assets | \$ 22,000 | \$ 11,470 | \$ - | \$ - | \$ 22,000 | \$ 11,470 |
| Interest & invest. earnings | \$ 287,472 | \$ 140,770 | \$ 170,314 | \$ 79,589 | \$ 457,786 | \$ 220,359 |
| Total Revenues | \$ 4,874,343 | \$ 4,700,608 | \$ 3,264,347 | \$ 3,554,750 | \$ 8,138,690 | \$ 8,255,358 |
| EXPENSES | | | | | | |
| General Government | \$ 605,847 | \$ 873,688 | \$ - | \$ - | \$ 605,847 | \$ 873,688 |
| Public Safety | \$ 2,297,416 | \$ 2,514,166 | \$ - | \$ - | \$ 2,297,416 | \$ 2,514,166 |
| Community Dev./Parks | \$ 525,588 | \$ 594,797 | \$ - | \$ - | \$ 525,588 | \$ 594,797 |
| Streets | \$ 487,720 | \$ 457,400 | \$ - | \$ - | \$ 487,720 | \$ 457,400 |
| Public Works | \$ 371,702 | \$ 559,737 | \$ - | \$ - | \$ 371,702 | \$ 559,737 |
| Interest on long-term debt | \$ 91,903 | \$ 109,079 | \$ - | \$ - | \$ 91,903 | \$ 109,079 |
| Water | \$ - | \$ - | \$ 1,064,294 | \$ 999,614 | \$ 1,064,294 | \$ 999,614 |
| Sewer | \$ - | \$ - | \$ 1,905,419 | \$ 1,663,594 | \$ 1,905,419 | \$ 1,663,595 |
| Stormwater | \$ - | \$ - | \$ 748,052 | \$ 640,600 | \$ 748,052 | \$ 640,600 |
| Total Expenses | \$ 4,380,176 | \$ 5,108,867 | \$ 3,717,765 | \$ 3,303,808 | \$ 8,097,941 | \$ 8,412,676 |
| Excess (deficiency) before transfers | \$ 494,167 | \$ (408,259) | \$ (453,418) | \$ 250,942 | \$ 40,749 | \$ (157,318) |
| Transfers | \$ 136,497 | \$ 129,185 | \$ (136,497) | \$ (129,185) | \$ - | \$ - |
| Change in Net Assets | \$ 630,664 | \$ (279,074) | \$ (589,915) | \$ 121,756 | \$ 40,749 | \$ (157,318) |
| Net Assets, beginning | \$ 13,310,275 | \$ 14,693,398 | \$ 25,646,836 | \$ 25,056,921 | \$ 38,957,111 | \$ 39,750,319 |
| Prior Period adjustments | \$ 752,459 | \$ - | \$ - | \$ - | \$ 752,459 | \$ - |
| Net Assets, ending | \$ 14,693,398 | \$ 14,414,324 | \$ 25,056,921 | \$ 25,178,677 | \$ 39,750,319 | \$ 39,593,001 |

The following chart compares program revenues and expenses for individual governmental activities for FY 2008-2009.



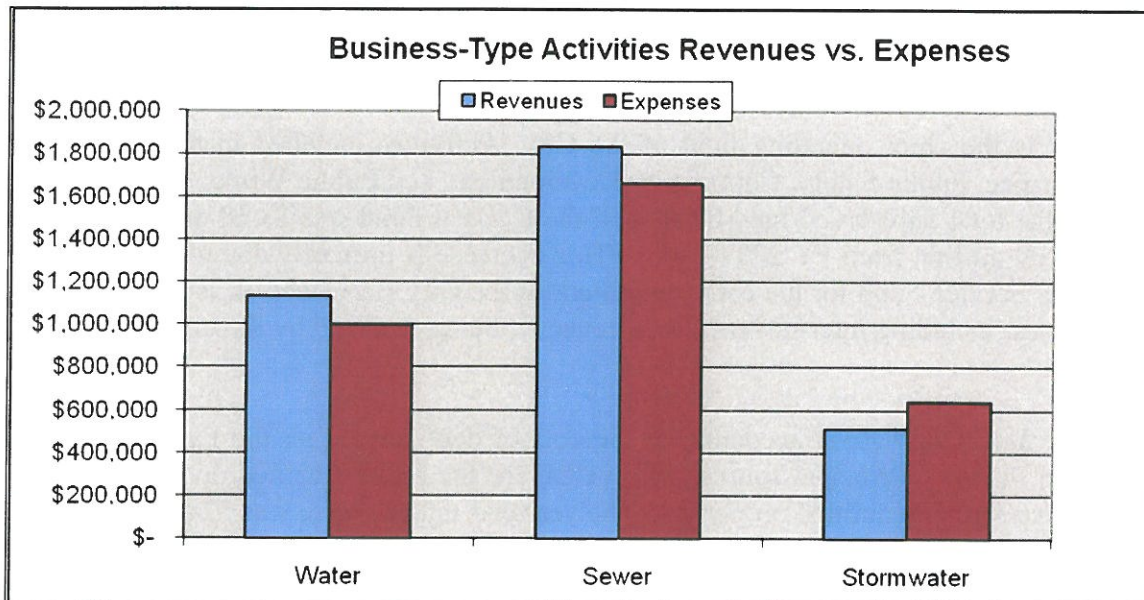
The next chart shows the share of revenues supporting governmental activities.



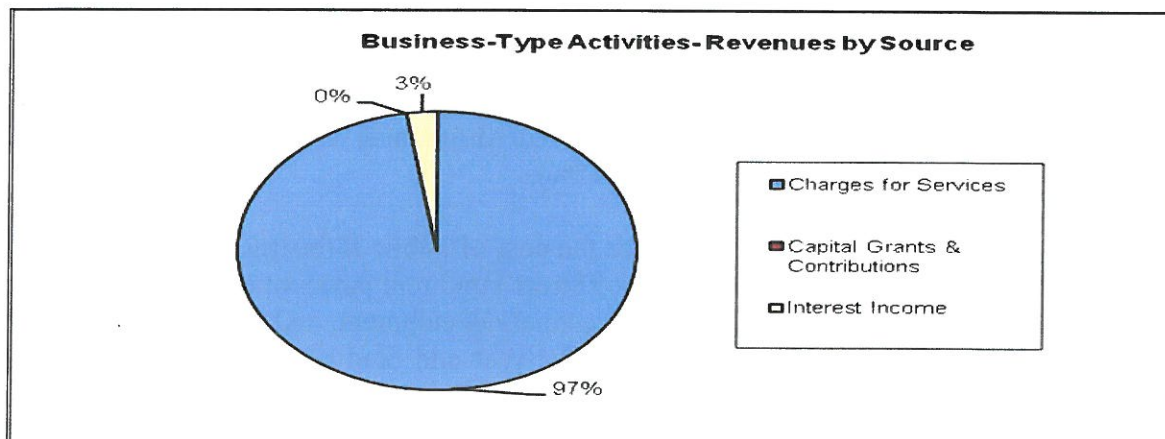
Business-type Activities increased the City's net assets by nearly \$122,000. This increase is primarily due to the following:

- The cost for service fee increased to cover the expense of operations and infrastructure development and improvements. It is important to note that in prior fiscal year 2007-2008, business-type activities decreased net assets by \$589,915.

The following chart compares program revenue to expenses by business-type activity for the FY 2008-2009. This is attributed to cost allocation with the Proprietary funds and the General Fund. The criteria for calculating cost allocation were revised for the FY 2008-2009 in order to define the amounts transferred to the general Fund from the proprietary funds.



The following chart shows that 97% of revenues for business-type activities are generated from charges for services rendered.



FUND-BASED FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial resources available for spending at the end of the fiscal year.

As of the FY 2008-2009, the City's governmental funds reported a combined ending fund balance of \$6.65 million. Approximately \$4.58 million or 68.9% of the balance is unreserved for spending at the City's discretion. The remainder fund balance is reserved and is not available for future discretionary spending because it has already been committed to debt service and highway and street fund infrastructure improvements.

The *General Fund* is the chief operating fund of the City. Activities included in this fund are Administration, Finance, Public Safety, Community Development, and Public Works. At the end of FY 2008-2009, the total unreserved fund balance in the General Fund was \$3.68 million. This is a decrease of \$1.09 million from FY 2007-2008. This decrease is primarily due to the transfer of funds to the Debt Service Fund for the early retirement of the City Hall Debt. It is also a result of decreased revenues, including inter-governmental revenue, being received by the city due to the economic recession.

The *Fairview Lake Sewer LID Fund* accounts for the cost of debt service on the Fairview Lake Sewer Construction Project. Principal sources of revenue are the interest earned on investments and payments received from benefitted properties. The year end fund balance was \$285,163. This is an increase of almost \$152,000 from FY 2007-2008 and is due to collection of early payoffs by assessed property owners being applied directly to principal in prior years. This practice of paying additional funds to principal resulted in the City being obligated to pay solely interest expense on this debt until its retirement date.

The *State Tax Street Fund* provides for the maintenance and construction of City streets and alley ways. Principal sources of revenue are state shared gas revenue apportioned from the State of Oregon and county shared revenue apportioned from Multnomah County. The year end fund balance was \$191,504. This is a decrease of approximately \$125,000 and is primarily a result of a decrease in shared revenue from the State of Oregon and Multnomah County. Operating and capital expenditures in this fund decreased by \$30,037 (5%).

The *Administrative Excise Charge Fund* accounts for the cost of public infrastructure such as the City Hall and other City buildings. Revenue consist of Street Fund rent payment on City Hall debt, administrative excise charged for residential and commercial development, and transfers from the Water Fund, the Sewer Fund, and the General Fund. The year end fund balance was a negative \$15,514. This decrease is a result of the retirement of the City Hall debt. Interest and Investment income came in 44.3% below budget. The \$15,514 is budgeted to be transferred to this fund from the General Fund in Fiscal Year 2009-2010.

The *Equipment Replacement Fund* accounts for the cost of routine replacement of Police vehicles, Public Works vehicles and other City equipment. Revenue for this fund comes from the General Fund Public Safety Department and the General Fund Public Works, Street Fund, Water Fund, Sewer Fund, and Stormwater Fund. Equipment that benefits all departments is funded by those departments. The year end fund balance was \$535,020. This is a \$130,800 increase and is a result of only approximately \$51,000 in expenditures for computers, public works tools and machinery, and police equipment.

The *Facilities Maintenance Fund* accounts for the routine repair and maintenance of the City facilities. Revenue consists of contributions from Public Works and Community Development for facility maintenance and the interest earned on the cash balance of the fund. The year end balance was \$88,522. This is an increase of almost \$23,500 which is primarily due to the contributions from other funds as well as only \$2,800 of expenditures being required from this fund during the FY 2008-2009.

The *Parks/Open Spaces* accounts for the funding for basic park facilities required to meet the needs of a growing City population. Revenue consists of Parks System Development charges paid by all residential development at the time of building permit issuance, the interest earned on investments, and transfers from the General Fund. The year end balance was \$281,682. This is an increase of only \$5,580 primarily due to interest and investment earnings; zero residential building permits were issued during FY 2008-2009. The City spent \$25,261 in park related capital outlay projects during the year. These included the planting of the Centennial Grove and the eco-friendly goat project to eradicate blackberry growth at one city park.

Debt service funds account for revenues and expenditures related to the repayment of long term indebtedness. All fund balances are restricted for future debt service payments. These restrictions do not adversely affect the availability of fund resources for future use.

The *City Hall Debt Fund* accounts for the cost of debt service on City Hall. Sources of revenue are transfers from the General Fund, the Water Fund, the Sewer Fund, the Street Fund, and Stormwater Fund. The Administrative Excise Charge Fund also contributes fees from new construction collected for public infrastructure. The year end balance was \$1,593,066. Routine debt service payments in the amount of \$205,185 were made on time.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

Unrestricted net assets of each proprietary fund and its percent to total unrestricted net assets of all proprietary funds are as follows:

| | |
|--------------------|-------------------|
| Water Utility | \$ 632,857 (23%) |
| Sewer Utility | \$1,713,209 (64%) |
| Stormwater Utility | \$ 340,715 (13%) |

The total proprietary fund unrestricted net assets increased by approximately \$360,000. This is primarily attributable to increasing business activity expenses associated with providing these services to a growing customer base.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a net effect decrease of appropriations between the original and final amended budget of \$283,178. The main adjustments to the original appropriations were:

- \$ 53,346 (decrease general fund and increase street fund) supplemental appropriation related to the defined cost allocation for street related expenses paid through the general fund
- \$ 78,000 (decrease general fund and increase water fund) supplemental appropriation related to the defined cost allocation for water operation related expenses paid through the general fund
- \$205,808 (decrease general fund and increase sewer fund) supplemental appropriation related to the defined cost allocation for sewer operation related expenses paid through the general fund
- \$ 53,976 (increase general fund and decrease stormwater fund) supplemental appropriation related to the defined cost allocation for stormwater operation related expenses paid through the general fund

General Fund expenditures were \$695,831 under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$33.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, non-building improvements (i.e. Parks and trails), equipment, and infrastructure (i.e. streets, water, sewer, and stormwater systems). Of all capital assets, approximately 28% is associated with governmental activities and approximately 72% with business-type activities.

In total, the City's capital assets decreased by \$743,763 or approximately 2% from the prior year. Governmental activities decreased by \$118,327 and business-type activities account for a decrease of \$625,436. The decrease is primarily due to accumulated depreciation. Major capital asset events during the fiscal year included the following:

- Purchase of an additional snow plow by the public works department
- Purchase of a Scag 48 Hydro WB by the public works department
- Purchase of evidence storage equipment by the police department to comply with accreditation requirements
- Main Street Sidewalk Project Phase II

City of Fairview
Capital Assets, Net of Accumulated Depreciation

| | Governmental Activities | | Business-Type Activities | |
|-----------------------------|----------------------------|--------------|-----------------------------|---------------|
| | Beginning Balances | 2009 | Beginning Balances | 2009 |
| Land | \$ 1,318,903 | \$ 1,492,753 | \$ 981,430 | \$ 981,430 |
| Construction in Progress | \$ 17,062 | \$ 64,798 | \$ - | \$ 96,552 |
| Land Improvements | \$ 536,012 | \$ 509,130 | \$ - | \$ - |
| Dams and Weirs | \$ 366,809 | \$ 353,223 | \$ - | \$ - |
| Buildings | \$ 3,060,397 | \$ 2,987,719 | \$ 24,600 | \$ 23,187 |
| Machinery & Equipment | \$ 219,642 | \$ 177,747 | \$ 6,779 | \$ 10,031 |
| Infrastructure | \$ 3,883,101 | \$ 3,698,231 | \$ 23,594,941 | \$ 22,871,114 |
| Total | \$ 9,401,926 | \$ 9,283,599 | \$ 24,607,750 | \$ 23,982,314 |

Governmental Accounting Standards Board (GASB) Statement number 34 require the City to report and depreciate new infrastructure assets (roads, bridges, runways, traffic signals, etc.) effective FY 2003-2004. These infrastructure assets are likely to be the largest asset class of the City. Neither historical cost nor related depreciation has historically been reported in the financial statements for governmental activities. The City of Fairview reports its infrastructure on its current financial statements.

Additional information on the City's capital assets can be found in the Note III.C to the basic financial statements.

LONG-TERM DEBT

As of year end, the City had a total debt of \$5.23 million. Governmental activities account for \$2.1 million of the debt while business-type activities account for the remaining \$3.1 million of debt outstanding. Of that amount, \$1,865,155 is due within one year. \$1.62 million of this debt is backed by the full faith and credit of the City. While the City may specify an internal revenue stream to service this debt, ultimately the City's General Fund or other legally available funds are liable. The funds to retire this debt in July 2009 are restricted for debt service.

The City had total non-current liabilities (not due within one year) of \$3.37 million. The City also has \$485,000 in special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. Revenue bonds account for \$875,000 of the total debt outstanding. This debt is secured solely by specified revenue sources (i.e. water or sewer rate revenue). A note payable for \$2.25 million to the City of Gresham for Sewer Capacity is also outstanding and this debt is secured solely by the sewer revenues.

City of Fairview
Outstanding Debt, Revenue Bonds

| | Governmental Activities | | Business-Type Activities | |
|---------------------------------|----------------------------|--------------|-----------------------------|--------------|
| | 2008 | 2009 | 2008 | 2009 |
| Full Faith and Credit Bonds | \$ 1,750,000 | \$ 1,625,000 | | |
| Limited Tax Issuance | \$ 85,000 | \$ 485,000 | | |
| Water Revenue Bond | | | \$ 970,000 | \$ 875,000 |
| City of Gresham Note Payable | | | \$ 2,384,286 | \$ 2,250,224 |
| Total | \$ 2,235,000 | \$ 2,110,000 | \$ 3,354,286 | \$ 3,125,224 |

The City's total debt decreased by \$354,062 during FY 2008-2009. The decrease is attributable to overall principal payments that exceeded the addition of new debt.

Additional information on the City's long-term debt can be found in the notes to the financial statements in section III.E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The financial condition of the City of Fairview remained stable due to adequate financial reserves despite the economic downturn and increase in unemployment rate. During preparation of the budget for the ensuing fiscal year, the City considered several economic factors. The following issues were considered in the compilation of the FY 2009-2010 budget:

- It is assumed that **property tax revenues** to the City will increase by 3% over FY 2007-2008 collections. This 3% is from increased values of currently assessed properties and is consistent with the maximum 3% increase allowed under Measure 50. This number is based on permit applications received during 2007 and 2008. Given the current economic climate it is assumed that 6% of total tax assessments will be uncollectible in the current tax year.
- Fairview's **permanent tax rate** is \$3.4902 per \$1,000 of assessed value, one of the lower rates of cities in the region. General revenues from the City's permanent tax rate combined with limitations in the State's property tax structure are falling short of the rising costs of public safety services.
- The cost of **Fire Services and Bureau of Emergency Communications (BOEC)** 911 dispatch service costs are continuing to increase.
- **Two full time positions** were impacted by the decrease in resources. The full-time code enforcement position in the Community Development Department was eliminated and in

its place \$20,000 was budgeted to contract these services out to the City of Gresham. One Office Assistant position in the Finance Department was reduced to part-time. Overall personnel costs make up 40.7% of the budget for fiscal year 2009-2010.

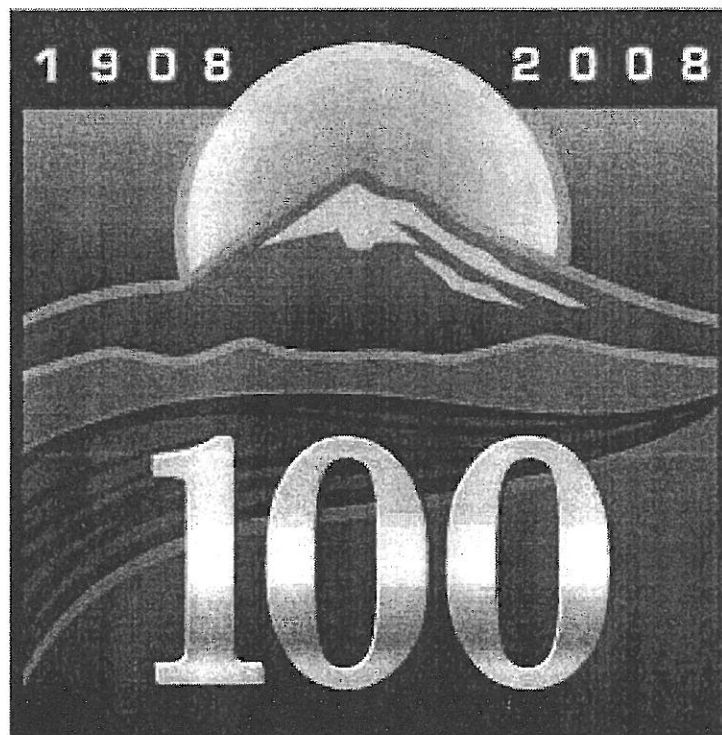
- **Healthcare costs** continue to impact the City's budget. In January 2010 premiums will increase 11.37%.
- The City will be entering contract negotiations with the **Fairview Police Officers' Association** as their contract expires December 31, 2009. In 2009, the Teamster represented employees agreed to share the cost for healthcare premium increases greater than 12% and the City agreed to pick-up the employees 6% **PERS** contribution as of July 1, 2009. The Teamster represented employees are scheduled to receive a cost of living increase in July 2010.
- The City increased Water and Stormwater **utility user fees** effective February 2009 and these will increase again in February 2010. Increases are to facilitate the development of infrastructure projects which include the building of Well #9.
- The budget implemented a **cost allocation** formula to define the contributions made to the General Fund. This has increased the Proprietary Funds and decreased the General fund by the same dollar amount.
- The bonds were retired for the debt on the **Fairview City Hall Building** in July 2009. The principal amount of this debt at retirement was \$1.62 million.
- Each operating fund has contingency amount budgeted. City Council directed budget guidelines stipulate a 5% of operating expenditures Emergency Contingency for each fund. The **Emergency Contingency** is again fully funded at \$560,565.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about the report or requests for additional financial information should be addressed to:

Samantha D. Nelson, Finance Director
City of Fairview
1300 NE Village Street
Fairview, Oregon 97024

FAIRVIEW



CENTENNIAL YEAR

BASIC FINANCIAL STATEMENTS

CITY OF FAIRVIEW, OREGON
STATEMENT OF NET ASSETS
June 30, 2009

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,162,787 | \$ 2,541,347 | \$ 6,704,134 |
| Investments | 99,000 | - | 99,000 |
| Receivables: | | | |
| Accounts | 196,852 | 450,197 | 647,049 |
| Fines and forfeitures | 41,419 | - | 41,419 |
| Property taxes | 119,189 | - | 119,189 |
| Assessments | 627,308 | - | 627,308 |
| Bond discounts and issuance costs | - | 33,232 | 33,232 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and cash equivalents | 2,351,415 | 1,642,642 | 3,994,057 |
| Capital assets: | | | |
| Land | 1,492,753 | 981,430 | 2,474,183 |
| Construction in progress | 64,798 | 96,552 | 161,350 |
| Depreciable assets, net of depreciation | 7,726,048 | 22,904,332 | 30,630,380 |
| Total assets | 16,881,569 | 28,649,732 | 45,531,301 |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 203,206 | 286,735 | 489,941 |
| Deposits | 21,697 | 26,905 | 48,602 |
| Accrued interest payable | 11,127 | 32,191 | 43,318 |
| Compensated absences payable | 118,687 | - | 118,687 |
| Unearned revenue | 2,528 | - | 2,528 |
| Long-term obligations: | | | |
| Due within one year | 1,625,000 | 240,155 | 1,865,155 |
| Due in more than one year | 485,000 | 2,885,069 | 3,370,069 |
| Total liabilities | 2,467,245 | 3,471,055 | 5,938,300 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 7,173,599 | 20,857,090 | 28,030,689 |
| Restricted for: | | | |
| System development | 281,682 | 1,358,746 | 1,640,428 |
| Highways and streets | 191,504 | - | 191,504 |
| Debt service | 1,878,229 | 276,060 | 2,154,289 |
| Unrestricted | 4,889,310 | 2,686,781 | 7,576,091 |
| Total net assets | \$ 14,414,324 | \$ 25,178,677 | \$ 39,593,001 |

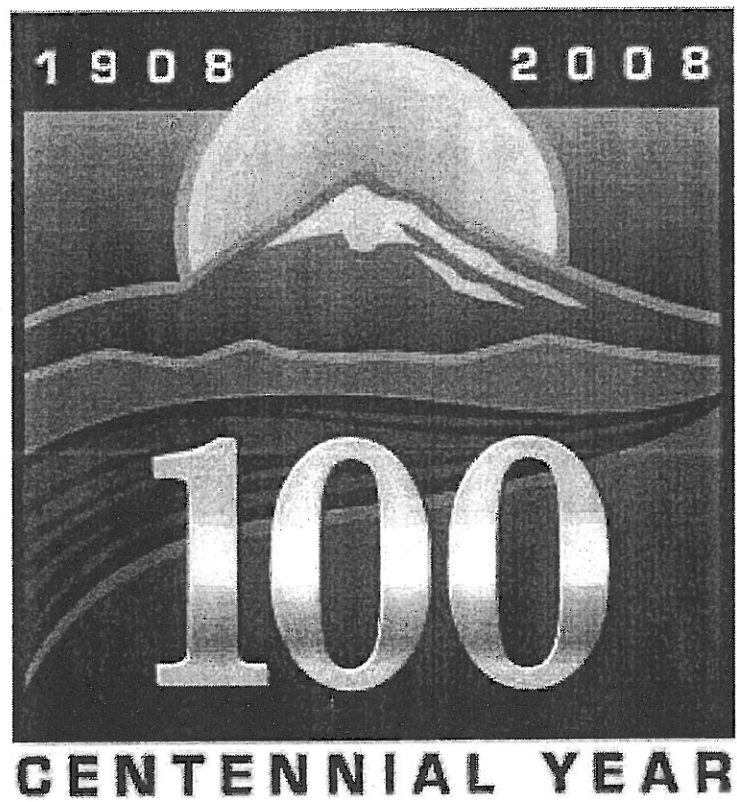
The notes to the basic financial statements are an integral part of this statement.

CITY OF FAIRVIEW, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Assets | | |
|--|--------------|----------------------------|--|--|---|-----------------------------|---------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 873,688 | \$ 26,477 | \$ - | \$ 48,811 | \$ (798,400) | \$ - | \$ (798,400) |
| Public safety | 2,514,166 | 278,673 | 69,723 | - | (2,165,770) | - | (2,165,770) |
| Highways and streets | 457,400 | 985 | 374,057 | 60,000 | (22,358) | - | (22,358) |
| Public works | 559,737 | - | - | - | (559,737) | - | (559,737) |
| Community development | 594,797 | 236,685 | - | 173,850 | (184,262) | - | (184,262) |
| Interest on long-term obligations | 109,079 | - | - | - | (109,079) | - | (109,079) |
| Total governmental activities | 5,108,867 | 542,820 | 443,780 | 282,661 | (3,839,606) | - | (3,839,606) |
| Business-type activities: | | | | | | | |
| Water | 999,614 | 1,099,500 | - | 32,828 | - | 132,714 | 132,714 |
| Sewer | 1,663,595 | 1,809,535 | - | 21,956 | - | 167,896 | 167,896 |
| Stormwater | 640,600 | 478,768 | - | 32,574 | - | (129,258) | (129,258) |
| Total business-type activities | 3,303,809 | 3,387,803 | - | 87,358 | - | 171,352 | 171,352 |
| Total primary government | \$ 8,412,676 | \$ 3,930,623 | \$ 443,780 | \$ 370,019 | (3,839,606) | 171,352 | (3,668,254) |
| General revenues: | | | | | | | |
| Property taxes levied for: | | | | | | | |
| General purposes | | | | | | | |
| | | | | | 1,879,580 | - | 1,879,580 |
| Franchise and public services taxes | | | | | | | |
| | | | | | 1,332,579 | - | 1,332,579 |
| Interest and investment earnings | | | | | | | |
| | | | | | 140,770 | 79,589 | 220,359 |
| Miscellaneous | | | | | | | |
| | | | | | 66,948 | - | 66,948 |
| Gain (loss) on sale of property | | | | | | | |
| | | | | | 11,470 | - | 11,470 |
| Transfers | | | | | | | |
| | | | | | 129,185 | (129,185) | - |
| Total general revenues, special items, and transfers | | | | | 3,560,532 | (49,596) | 3,510,936 |
| Change in net assets | | | | | (279,074) | 121,756 | (157,318) |
| Net assets, beginning | | | | | 14,693,398 | 25,056,921 | 39,750,319 |
| Net assets, ending | | | | | \$ 14,414,324 | \$ 25,178,677 | \$ 39,593,001 |

The notes to the basic financial statements are an integral part of this statement.

FAIRVIEW



FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues.

Fairview Lake Sewer LID Debt Fund

The Fairview Lake Sewer LID Debt Fund accounts for the cost of debt service on the Fairview Lake Sewer Construction Project. Principal sources of revenue are the interest earned on investments and payments received from benefited properties.

CITY OF FAIRVIEW, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

| | General Fund | Fairview Lake Sewer LID Fund | Other Governmental Funds | Totals |
|---|---------------------|------------------------------------|--------------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,521,782 | \$ 285,163 | \$ 2,707,257 | \$ 6,514,202 |
| Investments | 99,000 | - | - | 99,000 |
| Receivables: | | | | |
| Property taxes | 119,189 | - | - | 119,189 |
| Accounts | 164,833 | - | 32,019 | 196,852 |
| Interfund | 15,514 | - | - | 15,514 |
| Fines and forfeitures | 41,419 | - | - | 41,419 |
| Assessments | - | 627,308 | - | 627,308 |
| Total assets | <u>\$ 3,961,737</u> | <u>\$ 912,471</u> | <u>\$ 2,739,276</u> | <u>\$ 7,613,484</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 172,081 | \$ - | \$ 31,125 | \$ 203,206 |
| Deposits | 3,370 | - | 18,327 | 21,697 |
| Deferred revenue | 97,846 | 627,308 | - | 725,154 |
| Interfund payable | - | - | 15,514 | 15,514 |
| Total liabilities | <u>273,297</u> | <u>627,308</u> | <u>64,966</u> | <u>965,571</u> |
| FUND BALANCES | | | | |
| Reserved for: | | | | |
| Debt service | - | 285,163 | 1,593,066 | 1,878,229 |
| Highways and streets | - | - | 191,504 | 191,504 |
| Unreserved, reported in: | | | | |
| Major funds | 3,688,440 | - | - | 3,688,440 |
| Special revenue funds | - | - | 889,740 | 889,740 |
| Total fund balances | <u>3,688,440</u> | <u>285,163</u> | <u>2,674,310</u> | <u>6,647,913</u> |
| Total liabilities and fund balances | <u>\$ 3,961,737</u> | <u>\$ 912,471</u> | <u>\$ 2,739,276</u> | <u>\$ 7,613,484</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FAIRVIEW, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2009

| | |
|---|---------------------|
| Fund balances - total governmental funds | \$ 6,647,913 |
|---|---------------------|

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | |
|---|-----------|
| Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds | 9,283,599 |
|---|-----------|

| | |
|---|---------|
| Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. | 722,626 |
|---|---------|

| | |
|--|-----------|
| Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. | (118,687) |
|--|-----------|

| | |
|--|----------|
| Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements. | (11,127) |
|--|----------|

| | |
|---|--------------------|
| Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and, therefore, are not reported in the fund statements. | <u>(2,110,000)</u> |
|---|--------------------|

| | |
|--|-----------------------------|
| Net assets of governmental activities | <u>\$ 14,414,324</u> |
|--|-----------------------------|

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

| | General Fund | Fairview Lake Sewer LID Fund | Other Governmental Funds | Totals |
|---|---------------------|------------------------------------|--------------------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 1,856,566 | \$ - | \$ - | \$ 1,856,566 |
| Other taxes | 363,600 | - | - | 363,600 |
| Franchise fees | 688,034 | - | - | 688,034 |
| Licenses and fees | 308,618 | - | 2,110 | 310,728 |
| Charges for services | 114,386 | - | 19,602 | 133,988 |
| Intergovernmental | 207,071 | - | 445,192 | 652,263 |
| Fines and forfeitures | 211,839 | - | - | 211,839 |
| Rental income | 8,995 | - | 9,732 | 18,727 |
| Assessments | - | 176,427 | - | 176,427 |
| Interest on investments | 92,521 | 4,843 | 43,406 | 140,770 |
| Miscellaneous | 66,948 | - | - | 66,948 |
| TOTAL REVENUES | <u>3,918,578</u> | <u>181,270</u> | <u>520,042</u> | <u>4,619,890</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 789,589 | - | 1,000 | 790,589 |
| Public safety | 2,468,099 | - | - | 2,468,099 |
| Public works | 211,135 | - | - | 211,135 |
| Community development | 563,086 | - | - | 563,086 |
| Highways and streets | - | - | 301,315 | 301,315 |
| Capital outlay | 12,806 | - | 349,174 | 361,980 |
| Debt service | - | 29,343 | 205,185 | 234,528 |
| TOTAL EXPENDITURES | <u>4,044,715</u> | <u>29,343</u> | <u>856,674</u> | <u>4,930,732</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(126,137)</u> | <u>151,927</u> | <u>(336,632)</u> | <u>(310,842)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | 14,455 | - | - | 14,455 |
| Transfers in | - | - | 2,100,493 | 2,100,493 |
| Transfers out | (982,500) | - | (981,496) | (1,963,996) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(968,045)</u> | <u>-</u> | <u>1,118,997</u> | <u>150,952</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,094,182)</u> | <u>151,927</u> | <u>782,365</u> | <u>(159,890)</u> |
| FUND BALANCE, Beginning | <u>4,782,622</u> | <u>133,236</u> | <u>1,891,945</u> | <u>6,807,803</u> |
| FUND BALANCE, Ending | <u>\$ 3,688,440</u> | <u>\$ 285,163</u> | <u>\$ 2,674,310</u> | <u>\$ 6,647,913</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FAIRVIEW, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

| | | |
|--|-----------|------------------|
| Net change in fund balance - governmental funds | \$ | (159,890) |
|--|-----------|------------------|

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

| | | |
|-------------------|--|-----------|
| Deferred revenues | | (104,602) |
|-------------------|--|-----------|

Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.

125,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.

| | | |
|------------------------------------|-------------|----------|
| Change in compensated absences | \$ (21,703) | |
| Change in accrued interest payable | <u>448</u> | |
| | | (21,255) |

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.

| | | |
|--------------------------|------------------|------------------|
| Capital asset additions | \$ 368,584 | |
| Basis of assets disposed | (2,985) | |
| Depreciation expense | <u>(483,926)</u> | |
| | | <u>(118,327)</u> |

| | | |
|---|-----------|-------------------------|
| Change in net assets - governmental activities | \$ | <u>(279,074)</u> |
|---|-----------|-------------------------|

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 1,776,073 | \$ 1,776,073 | \$ 1,856,566 | \$ 80,493 |
| Other taxes | 390,585 | 390,585 | 363,600 | (26,985) |
| Franchise fees | 654,131 | 654,131 | 688,034 | 33,903 |
| Licenses and fees | 424,889 | 424,889 | 308,618 | (116,271) |
| Charges for services | 114,345 | 114,345 | 114,386 | 41 |
| Intergovernmental | 194,203 | 194,203 | 207,071 | 12,868 |
| Fines and forfeitures | 257,500 | 257,500 | 211,839 | (45,661) |
| Rental income | 8,568 | 8,568 | 8,995 | 427 |
| Interest on investments | 170,000 | 170,000 | 92,521 | (77,479) |
| Miscellaneous | 55,500 | 55,500 | 66,948 | 11,448 |
| TOTAL REVENUES | <u>4,045,794</u> | <u>4,045,794</u> | <u>3,918,578</u> | <u>(127,216)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,396,740 | 1,396,740 | 1,308,377 | 88,363 |
| Public safety | 2,625,353 | 2,625,353 | 2,468,099 | 157,254 |
| Public works | 1,089,848 | 1,089,848 | 1,031,405 | 58,443 |
| Community development | 723,497 | 723,497 | 590,920 | 132,577 |
| Capital outlay | 22,000 | 22,000 | 12,806 | 9,194 |
| Contingency | 250,000 | 250,000 | - | 250,000 |
| TOTAL EXPENDITURES | <u>6,107,438</u> | <u>6,107,438</u> | <u>5,411,607</u> | <u>695,831</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(2,061,644)</u> | <u>(2,061,644)</u> | <u>(1,493,029)</u> | <u>568,615</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | - | - | 14,455 | 14,455 |
| Transfers in | 1,650,070 | 1,366,892 | 1,366,892 | - |
| Transfers out | (986,975) | (986,975) | (982,500) | 4,475 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>663,095</u> | <u>379,917</u> | <u>398,847</u> | <u>18,930</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,398,549)</u> | <u>(1,681,727)</u> | <u>(1,094,182)</u> | <u>587,545</u> |
| FUND BALANCE, Beginning | <u>4,133,165</u> | <u>4,133,165</u> | <u>4,782,622</u> | <u>649,457</u> |
| FUND BALANCE, Ending | <u>\$ 2,734,616</u> | <u>\$ 2,451,438</u> | <u>\$ 3,688,440</u> | <u>\$ 1,237,002</u> |

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of Fairview uses three Proprietary Funds comprised entirely of Enterprise Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the water, sewer, and stormwater facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- **Water**
- **Sewer**
- **Stormwater**

For budgetary purposes (see budget schedules in Supplemental Information), the above funds are accounted for in the following separate funds:

- **All Water Funds**
 - Water
 - Water Reimbursement
 - Water Improvement
 - Water Bonded Debt
- **All Sewer Funds**
 - Sanitary Sewer
 - Sewer Reimbursement
 - Sewer Improvement
- **All Stormwater Funds**
 - Stormwater
 - Stormwater Improvement

CITY OF FAIRVIEW, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

| | Business - type Activities - Enterprise Funds | | | |
|---|---|----------------------|---------------------|----------------------|
| | Water Funds | Sewer Funds | Stormwater Funds | Total |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 486,848 | \$ 1,732,818 | \$ 321,681 | \$ 2,541,347 |
| Receivables: | | | | |
| Accounts | <u>149,458</u> | <u>237,754</u> | <u>62,985</u> | <u>450,197</u> |
| Total current assets | <u>636,306</u> | <u>1,970,572</u> | <u>384,666</u> | <u>2,991,544</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | 615,726 | 559,386 | 467,530 | 1,642,642 |
| Bond discount and issuance costs | <u>33,232</u> | - | - | <u>33,232</u> |
| Capital assets: | | | | |
| Land | 531,270 | 228,550 | 221,610 | 981,430 |
| Construction in progress | 26,423 | 31,995 | 38,134 | 96,552 |
| Depreciable assets, net of depreciation | <u>10,217,312</u> | <u>8,607,402</u> | <u>4,079,618</u> | <u>22,904,332</u> |
| Total noncurrent assets | <u>11,423,963</u> | <u>9,427,333</u> | <u>4,806,892</u> | <u>25,658,188</u> |
| Total assets | <u>\$ 12,060,269</u> | <u>\$ 11,397,905</u> | <u>\$ 5,191,558</u> | <u>\$ 28,649,732</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 18,118 | \$ 231,810 | \$ 36,807 | \$ 286,735 |
| Accrued interest payable | 8,638 | 23,553 | - | 32,191 |
| Deposits | 9,925 | 2,000 | 14,980 | 26,905 |
| Current portion of long-term debt | <u>100,000</u> | <u>140,155</u> | <u>-</u> | <u>240,155</u> |
| Total current liabilities | <u>136,681</u> | <u>397,518</u> | <u>51,787</u> | <u>585,986</u> |
| Long-term debt, net of current portion: | | | | |
| Notes and contracts payable | - | 2,110,069 | - | 2,110,069 |
| Bonds payable | <u>775,000</u> | <u>-</u> | <u>-</u> | <u>775,000</u> |
| Total liabilities | <u>911,681</u> | <u>2,507,587</u> | <u>51,787</u> | <u>3,471,055</u> |
| Net assets: | | | | |
| Invested in capital assets, net of related debt | 9,900,005 | 6,617,723 | 4,339,362 | 20,857,090 |
| Restricted for system development | 339,666 | 559,386 | 459,694 | 1,358,746 |
| Restricted for debt service | 276,060 | - | - | 276,060 |
| Unrestricted | <u>632,857</u> | <u>1,713,209</u> | <u>340,715</u> | <u>2,686,781</u> |
| Total net assets | <u>11,148,588</u> | <u>8,890,318</u> | <u>5,139,771</u> | <u>25,178,677</u> |
| Total liabilities and net assets | <u>\$ 12,060,269</u> | <u>\$ 11,397,905</u> | <u>\$ 5,191,558</u> | <u>\$ 28,649,732</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FAIRVIEW, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

| | <u>Business - type Activities - Enterprise Funds</u> | | | |
|---|--|------------------------|-----------------------------|----------------------|
| | <u>Water Funds</u> | <u>Sewer Funds</u> | <u>Stormwater Funds</u> | <u>Total</u> |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,099,500 | \$ 1,809,535 | \$ 478,768 | \$ 3,387,803 |
| TOTAL OPERATING REVENUES | <u>1,099,500</u> | <u>1,809,535</u> | <u>478,768</u> | <u>3,387,803</u> |
| OPERATING EXPENSES | | | | |
| Materials and services | 738,524 | 1,223,756 | 422,213 | 2,384,493 |
| Depreciation | <u>220,068</u> | <u>342,295</u> | <u>218,387</u> | <u>780,750</u> |
| TOTAL OPERATING EXPENSES | <u>958,592</u> | <u>1,566,051</u> | <u>640,600</u> | <u>3,165,243</u> |
| OPERATING INCOME (LOSS) | <u>140,908</u> | <u>243,484</u> | <u>(161,832)</u> | <u>222,560</u> |
| NON-OPERATING INCOME (EXPENSES) | | | | |
| Interest on investments | 21,336 | 41,984 | 16,269 | 79,589 |
| Interest expense | <u>(41,022)</u> | <u>(97,544)</u> | <u>-</u> | <u>(138,566)</u> |
| TOTAL NON-OPERATING INCOME (EXPENSES) | <u>(19,686)</u> | <u>(55,560)</u> | <u>16,269</u> | <u>(58,977)</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | <u>121,222</u> | <u>187,924</u> | <u>(145,563)</u> | <u>163,583</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| System development charges | 32,828 | 21,956 | 32,574 | 87,358 |
| TRANSFERS | | | | |
| Transfers in | 434,015 | - | 42,635 | 476,650 |
| Transfers out | <u>(485,811)</u> | <u>(59,108)</u> | <u>(60,916)</u> | <u>(605,835)</u> |
| CHANGE IN NET ASSETS | <u>102,254</u> | <u>150,772</u> | <u>(131,270)</u> | <u>121,756</u> |
| NET ASSETS, Beginning | <u>11,046,334</u> | <u>8,739,546</u> | <u>5,271,041</u> | <u>25,056,921</u> |
| NET ASSETS, Ending | <u>\$ 11,148,588</u> | <u>\$ 8,890,318</u> | <u>\$ 5,139,771</u> | <u>\$ 25,178,677</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF FAIRVIEW, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

| | Business-type Activities - Enterprise Funds | | | |
|---|--|------------------------|-----------------------------|---------------------|
| | Water Funds | Sewer Funds | Stormwater Funds | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 1,042,001 | \$ 1,746,632 | \$ 459,537 | \$ 3,248,170 |
| Payments to suppliers | (287,627) | (936,105) | (122,010) | (1,345,742) |
| Payments for interfund services used | (457,592) | (352,776) | (321,324) | (1,131,692) |
| Net cash provided from (used by) operating activities | 296,782 | 457,751 | 16,203 | 770,736 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in | 426,703 | - | 42,635 | 469,338 |
| Transfers out | (485,811) | (59,108) | (60,916) | (605,835) |
| Net cash provided from (used by) non-capital financing activities | (59,108) | (59,108) | (18,281) | (136,497) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| System development charges | 32,828 | 21,956 | 32,574 | 87,358 |
| Acquisition of capital assets | (26,423) | (31,995) | (89,583) | (148,001) |
| Principal paid on long-term obligations | (95,000) | (134,062) | - | (229,062) |
| Interest paid on long-term obligations | (37,640) | (98,952) | - | (136,592) |
| Net cash provided from (used by) capital and related financing activities | (126,235) | (243,053) | (57,009) | (426,297) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on investments | 21,336 | 41,984 | 16,269 | 79,589 |
| Net cash provided from (used by) investing activities | 21,336 | 41,984 | 16,269 | 79,589 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 132,775 | 197,574 | (42,818) | 287,531 |
| CASH AND CASH EQUIVALENTS, Beginning | 969,799 | 2,094,630 | 832,029 | 3,896,458 |
| CASH AND CASH EQUIVALENTS, Ending | <u>\$ 1,102,574</u> | <u>\$ 2,292,204</u> | <u>\$ 789,211</u> | <u>\$ 4,183,989</u> |
| COMPRISED AS FOLLOWS: | | | | |
| Cash and cash equivalents | \$ 486,848 | \$ 1,732,818 | \$ 321,681 | \$ 2,541,347 |
| Restricted cash and cash equivalents | 615,726 | 559,386 | 467,530 | 1,642,642 |
| | <u>\$ 1,102,574</u> | <u>\$ 2,292,204</u> | <u>\$ 789,211</u> | <u>\$ 4,183,989</u> |
| Reconciliation of operating income (loss) to net cash provided from (used by) operating activities | | | | |
| Operating income (loss) | \$ 140,908 | \$ 243,484 | \$ (161,832) | \$ 222,560 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation | 220,068 | 342,295 | 218,387 | 780,750 |
| (Increase) decrease in assets: | | | | |
| Receivables | (56,499) | (62,903) | (19,231) | (138,633) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and accrued expenses | (6,695) | (65,125) | (21,121) | (92,941) |
| Deposits | (1,000) | - | - | (1,000) |
| Net cash provided from (used by) operating activities | <u>\$ 296,782</u> | <u>\$ 457,751</u> | <u>\$ 16,203</u> | <u>\$ 770,736</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | |
| Transfer of capital assets between funds | <u>\$ 7,312</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,312</u> |

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FAIRVIEW
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Fairview, Oregon (the City) is organized under the general laws of the State of Oregon. The City Council, composed of the Mayor and six Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Administrator, who is appointed by the City Council.

The accompanying financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, there are no component units of the City.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-types activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds included the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The City reports the following major governmental funds:

General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Principal sources of revenue

are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for general government operations, public safety (police), and community development.

Fairview Lake Sewer LID Debt Fund accounts for the cost of debt service on the Fairview Lake Sewer Construction Project. Principal sources of revenue are the interest earned on investments and payments received from benefited properties.

The City reports the following major proprietary funds:

Water Fund accounts for the costs of material and services directly related to the operation and maintenance of the City's water system. The Water Fund can also assist in the payment of water related capital improvements. Principal sources of revenue are user fees collected for water, connection charges for water hook-ups, system development charges, and the interest earned on investments.

Sewer Fund accounts for the cost of services directly related to the operation and maintenance of the City's sanitary sewer system and the treatment of the City's sewage at the City of Gresham's wastewater treatment plant. The Sewer Fund can also assist in the payment of sewer related capital improvements. Principal sources of revenue are user fees for sewer service, connection charges for sewer hook-ups, system development charges, and the interest earned on investments.

Stormwater Fund accounts for the cost of services directly related to the operation and maintenance of the City's Stormwater system. The Stormwater Fund can also assist in the payment of stormwater related capital improvements. Principal sources of revenue are user fee collected for Storm Water, erosion control permit fee for monitoring construction, system development charges, and the interest earned on investments.

The City also includes the following fund types as other governmental funds:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt for governmental funds.

D. Assets, Liabilities and Equity

1. Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains a common cash and investment pool that is available for use by all funds. Interest earned on the pooled cash and investments is allocated monthly based on each fund's ending cash and investments balance as a portion of the City's total pooled cash and investments.

The City's investment policies are governed by state statute. The state statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Investment Pool.

Investments in the Local Government Investment Pool are stated at amortized cost, which approximates fair value. All other investments are reported at fair value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes receivable which have been collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

The State of Oregon has a constitutional limit on property taxes for schools and non-school general governments. The maximum allowable combined tax rate for all non-school general governments is \$10 per \$1,000, compression occurs, resulting in proportionately reduced tax collection by each taxing district. The City of Fairview was unable to levy \$152 for 2008-2009 as a result of compression.

The City's permanent rate of \$3.4902 per \$1,000 does not change. Annual growth in property tax receipts occurs through allowed annual increases to assessed values which cannot exceed 3% per year, unless there is new construction on existing property.

Assessment liens receivable in the Debt Service funds are recognized at the time property owners are assessed for property improvements. Assessment liens receivable are offset by deferred revenue in the fund financial statements and accordingly, have not been recognized as revenue. Assessment interest receivable is recorded when earned; the assessment interest revenue is recognized when it becomes measurable and available.

Other receivables, including accounts, entitlements and shared revenues are reported in accordance with the policies and enumerated in paragraph C above. An allowance for uncollectible accounts has not been established.

3. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Building and improvements | 45-75 |
| Improvements other than buildings | 10-40 |
| Machinery and equipment | 5-15 |
| Vehicles | 5-10 |
| Utility systems | 50-75 |
| Infrastructure | 40-80 |

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs,

are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Compensated Absences

Accumulated vested vacation pay, holiday pay, and comp time is accrued as it is earned. For governmental funds, the noncurrent portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and it is calculated based on historical trends. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Restricted net assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the Government-wide Statement of Net Assets and the Proprietary Fund Statement of Net Assets. It is the City's policy to use restricted assets first on qualifying projects.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

E. Adoption of New GASB Pronouncement

For the fiscal year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement addresses how state and local governments should

account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). The Statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. For the fiscal year ended June 30, 2009, the City's participation in the Oregon Teamsters Employers Trust (OTET) health plans have been determined to constitute a community-rated situation, as allowed by GASB 45, and therefore there is no implicit subsidy to value and no liability accrued in the financial statements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for interfund transfers and the proprietary funds. Payments to the General Fund for reimbursement of operating expenses have been budgeted as interfund transfers for budgetary purposes in the State Street Tax and proprietary funds. These transfers have been reclassified to charges for services revenues and materials and services expenses for GAAP financial reporting. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The process under which the budget is adopted is described in the following paragraphs.

Each April, the City Administrator submits a proposed budget to the Budget Committee (consisting of the City Council and an equal number of citizens of the City). The City is required to budget all funds. The City's budget is prepared for each fund on the modified accrual basis of accounting. Interfund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted by fund, program and object. Information on the past years' actual receipts and expenditures, current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget. This budget is then reviewed by the Multnomah County Tax Supervising and Conservation Commission. After their approval, the budget is submitted to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Council without returning to the Budget Committee for a second approval. After the City Council adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse as of the fiscal year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval of City Council. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Expenditures may not legally exceed budgeted appropriation as adopted and adjusted. Exceptions to budget law are also available for expenditures associated with debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control.

During the fiscal year ended June 30, 2009, appropriation increases and transfers were approved, and supplemental budgets were adopted.

B. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following amounts:

| | |
|------------------------|------------|
| City Hall Debt Fund | |
| Materials and services | \$ (1,000) |

C. Deficit Fund Balance

At June 30, 2009, the Administrative Excise Charge Fund had a deficit fund balance of \$15,514. Management expects the deficit to be reversed in future years by a planned transfer from the General Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2009. If bank deposits at year end are not entirely insured or collateralized by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. The City's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. For the fiscal year ended June 30, 2009, the carrying amount of the City's deposits was \$1,701,615 and the bank balance was \$1,735,147. All deposits are held in the name of the City. Of the bank balance, \$349,337 was covered by federal depository insurance. The remaining \$1,385,810 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Restricted Cash in Escrow – The City is responsible for Full Faith and Credit Obligation Bonds issued for financing the construction of the City's City Hall building. The City has transferred an amount equal to the estimated payoff of the bonds to a refundable escrow account. The amount held in the escrow account, for payment of the balance of the bonds including accrued interest, at June 30, 2009 was \$1,635,810.

Investments. The City of Fairview has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Credit Risk. State statutes authorize the City to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

The City of Fairview also invested in a Time Certificate of Deposit. This investment is carried at fair value.

Investments held by the City at June 30, 2009 are as follows:

| | <u>Maturity</u> | <u>Percentage of Portfolio</u> | <u>Carrying Amount/ Fair Value</u> |
|---|-----------------|------------------------------------|--|
| Local Government Investment Pool | 1 day | 99% | \$ 8,996,326 |
| Time Certificate of Deposits | One year | 1% | 99,000 |
| | | 100% | 9,095,326 |
| Less amounts classified as cash equivalents | | | (8,996,326) |
| Total Investments | | | <u>\$ 99,000</u> |

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets is as follows:

| | |
|----------------------------------|----------------------|
| Cash on hand | \$ 250 |
| Carrying amounts of deposits | 1,701,615 |
| Local Government Investment Pool | 8,996,326 |
| Total cash and cash equivalents | <u>\$ 10,698,191</u> |

B. Receivables

Receivables as of fiscal-year end for the governmental activities individual major funds as follows:

| | <u>General</u> | <u>Fairview Lake Sewer LID</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Activities</u> |
|--------------------------|------------------|--|---|--|
| Property taxes | \$119,189 | \$ - | \$ - | \$ 119,189 |
| Accounts | 31,030 | - | 75 | 31,105 |
| Intergovernmental | 133,803 | - | 31,944 | 165,747 |
| Interfund | 15,414 | - | - | 15,414 |
| Fines and forfeitures | 41,419 | - | - | 41,419 |
| Assessments | - | 627,308 | - | 627,308 |
| | <u>\$340,855</u> | <u>\$ 627,308</u> | <u>\$ 32,019</u> | <u>\$ 1,000,182</u> |

Receivables as of year-end for the business-type activities individual major funds are as follows:

| | <u>Water</u> | <u>Sewer</u> | <u>Stormwater</u> | <u>Total Business-Type Activities</u> |
|----------|-------------------|-------------------|-------------------|---|
| Accounts | \$ 149,458 | \$ 237,754 | \$ 62,985 | \$ 450,197 |
| | <u>\$ 149,458</u> | <u>\$ 237,754</u> | <u>\$ 62,985</u> | <u>\$ 450,197</u> |

Uncollected property taxes in governmental funds are shown on the statement of net assets as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Multnomah County, and remittance to the City is made at periodic intervals.

For the fiscal year 2008-2009, the City levied property taxes in the amount of \$1,901,669. After reductions for offsets and increases for additional taxes and penalties this resulted in a net levy of \$1,914,648. The tax rate for the fiscal year was \$3.4902, per \$1,000 of assessed value. The assessed valuation for the City as of January 1, 2009 was \$544,859,454.

Following is a summary of property tax transactions for the year ended June 30, 2009:

| City | Balances July 1, 2008 | 2008-09 Levy | Adjustments (Discounts) | Interest | Collections | Balances June 30, 2009 |
|-------------|-----------------------------|---------------------|----------------------------|-----------------|-----------------------|------------------------------|
| 2008-09 | \$ - | \$ 1,914,648 | \$ (59,711) | \$ 2,057 | \$ (1,777,023) | \$ 79,971 |
| 2007-08 | 62,394 | - | (3,077) | 1,022 | (36,468) | 23,871 |
| 2006-07 | 17,250 | - | (1,064) | 567 | (7,437) | 9,316 |
| 2005-06 | 7,480 | - | (959) | 548 | (3,268) | 3,801 |
| 2004-05 | 3,357 | - | 63 | 352 | (3,064) | 708 |
| 2003-04 | 611 | - | (5) | 51 | (176) | 481 |
| 2002-03 | 374 | - | (15) | 54 | (162) | 251 |
| Prior years | 790 | - | - | - | - | 790 |
| | <u>\$ 92,256</u> | <u>\$ 1,914,648</u> | <u>\$ (64,768)</u> | <u>\$ 4,651</u> | <u>\$ (1,827,598)</u> | <u>\$ 119,189</u> |

Assessment liens receivable represent the uncollected amounts levied against benefited property for costs of local improvements. Since the assessments are liens against the benefited property, an allowance for uncollectible amounts is not necessary.

Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible accounts has been established.

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2009, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,318,903 | \$ 173,850 | \$ - | \$ 1,492,753 |
| Construction in progress | 17,062 | 159,019 | (111,283) | 64,798 |
| Total capital assets, not being depreciated | <u>1,335,965</u> | <u>332,869</u> | <u>(111,283)</u> | <u>1,557,551</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 807,880 | - | - | 807,880 |
| Dams and weirs | 407,565 | - | - | 407,565 |
| Buildings | 3,633,892 | - | - | 3,633,892 |
| Equipment | 1,538,617 | 35,716 | (311,913) | 1,262,420 |
| Infrastructure | 6,388,671 | 111,283 | (4,776) | 6,495,178 |
| Total capital assets, being depreciated | <u>12,776,625</u> | <u>146,999</u> | <u>(316,689)</u> | <u>12,606,935</u> |
| Accumulated depreciation for: | | | | |
| Land improvements | (271,868) | (26,883) | - | (298,751) |
| Dams and weirs | (40,756) | (13,586) | - | (54,342) |
| Building | (573,495) | (72,678) | - | (646,173) |
| Equipment | (1,318,975) | (77,612) | 311,913 | (1,084,674) |
| Infrastructure | (2,505,570) | (293,168) | 1,791 | (2,796,947) |
| Total accumulated depreciation | <u>(4,710,664)</u> | <u>(483,927)</u> | <u>313,704</u> | <u>(4,880,887)</u> |
| Total capital assets, being depreciated, net | <u>8,065,961</u> | <u>(336,928)</u> | <u>(2,985)</u> | <u>7,726,048</u> |
| Governmental activities capital assets, net | <u>\$ 9,401,926</u> | <u>\$ (4,059)</u> | <u>\$ (114,268)</u> | <u>\$ 9,283,599</u> |

Depreciation expense for governmental activities is charged to governmental functions as follows:

| | |
|--|-------------------|
| General government | \$ 66,669 |
| Community development | 49,871 |
| Public safety | 28,299 |
| Public works | 339,088 |
| Total depreciation expense - governmental activities | <u>\$ 483,927</u> |

Capital asset activity for the business-type activities for the year ended June 30, 2009 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 981,430 | \$ - | \$ - | \$ 981,430 |
| Construction in progress | - | 96,552 | - | 96,552 |
| Total capital assets, not being depreciated | <u>981,430</u> | <u>96,552</u> | <u>-</u> | <u>1,077,982</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 56,538 | - | - | 56,538 |
| Equipment | 217,770 | 7,312 | (61,101) | 163,981 |
| Infrastructure | 31,968,308 | 51,450 | - | 32,019,758 |
| Total capital assets, being depreciated | <u>32,242,616</u> | <u>58,762</u> | <u>(61,101)</u> | <u>32,240,277</u> |
| Less accumulated depreciation for: | | | | |
| Building | (31,938) | (1,413) | - | (33,351) |
| Equipment | (210,991) | (4,061) | 61,101 | (153,951) |
| Infrastructure | (8,373,367) | (775,276) | - | (9,148,643) |
| Total accumulated depreciation | <u>(8,616,296)</u> | <u>(780,750)</u> | <u>61,101</u> | <u>(9,335,945)</u> |
| Total capital assets, being depreciated, net | <u>23,626,320</u> | <u>(721,988)</u> | <u>-</u> | <u>22,904,332</u> |
| Business-type activities capital assets, net | <u>\$ 24,607,750</u> | <u>\$ (625,436)</u> | <u>\$ -</u> | <u>\$ 23,982,314</u> |

Depreciation expense for the business-type activities was charged to functions/programs of the City as follows:

| | |
|---|-------------------|
| Water | \$ 220,068 |
| Sewer | 342,295 |
| Stormwater | <u>218,387</u> |
| Total depreciation expense - business-type activities | <u>\$ 780,750</u> |

D. Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report

deferred revenue only for amounts that have been received, but not earned. At the end of the current fiscal year, there was \$2,528 in unearned deferred revenue. The various components of deferred revenue reported in the governmental funds were as follows:

| | General | Fairview Lake Sewer LID | Totals |
|---------------------|------------------|-------------------------------|-------------------|
| Property taxes | \$ 95,318 | \$ - | \$ 95,318 |
| Unearned | 2,528 | - | 2,528 |
| Special assessments | - | 627,308 | 627,308 |
| | <u>\$ 97,846</u> | <u>\$ 627,308</u> | <u>\$ 725,154</u> |

E. Long-term obligations

1. Full Faith and Credit Obligation Bonds – Governmental Activities

The obligations are issued by the City, pursuant to Resolution 26-1998 adopted December 16, 1998 and the Oregon Constitution and Oregon Revised Statutes Section 271.390 which authorized the City to enter into financing agreements, lease purchase agreements or other contracts of purchase for real or personal property that the City Council determines is needed. The obligation of the City has pledged its full faith and credit and taxing power within the limitations of Section 11 and 11b, Article XI of the Oregon Constitution and any and all of the City's legally available funds to make payments due under the Loan agreement. Interest rates range from 4.0% to 4.75%. The bond principal is payable annually and the interest is payable semiannually, with the final payment due June 1, 2019. These bonds were issued to provide funding for the construction of the City's City Hall building. The City has transferred an amount equal to the estimated payoff of the bonds to a refundable escrow account at June 30, 2009. The bonds were paid off in July 2009.

Future maturities are as follows:

| Year Ending June 30 | Principal | Interest |
|------------------------|---------------------|------------------|
| 2010 | \$ 1,625,000 | \$ 10,810 |
| | <u>\$ 1,625,000</u> | <u>\$ 10,810</u> |

2. Special Assessment Debt With Governmental Commitment – Governmental Activities

The City has limited tax improvement bonds that were used to finance the construction costs of sewer improvements. The receipts from assessments levied against benefitted properties are pledged to the retirement of special assessment debt. Payment of such debt would require the general credit of the City to the extent that liens foreclosed against properties in the special assessment districts are not

enough to cover related principal and interest requirements. The City prepaid a portion of the bonds during the prior year and now only has the final principal payment of \$485,000 due May 1, 2015. Interest, at 6.05%, is payable semiannually in amounts of \$14,671 until the final payment is due.

Future maturities are as follows:

| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------|-------------------|-------------------|
| 2010 | \$ - | \$ 29,343 |
| 2011 | - | 29,343 |
| 2012 | - | 29,343 |
| 2013 | - | 29,343 |
| 2014 | - | 29,343 |
| 2015 | 485,000 | 29,342 |
| | <u>\$ 485,000</u> | <u>\$ 176,057</u> |

3. Bonds Payable – Business-Type Activities – Water Fund

The Water Fund has revenue refunding bonds payable used to advance refund prior issued revenue bonds that were issued to finance improvements to the City's water system. The bond principal is payable annually and the interest is payable semiannually with interest rates from 2.0% to 4.3%. Final payment is due April 1, 2022.

Future maturities of the bonds are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------|-------------------|-------------------|
| 2010 | \$ 100,000 | \$ 34,553 |
| 2011 | 100,000 | 31,053 |
| 2012 | 105,000 | 27,302 |
| 2013 | 110,000 | 23,365 |
| 2014 | 115,000 | 19,075 |
| 2015-2017 | 345,000 | 28,545 |
| | <u>\$ 875,000</u> | <u>\$ 163,893</u> |

4. Note Payable – Business-Type Activities – Wastewater Fund

The Sewer Fund has a note payable used to finance the purchase of additional capacity from the City of Gresham, Oregon Wastewater Treatment Plant. The note requires semiannual payments of \$116,457, including interest at 4.19%. The final payment is due October 1, 2021.

Future maturities are as follows:

| Year Ending June 30 | Principal | Interest |
|------------------------|---------------------|-------------------|
| 2010 | \$ 140,155 | \$ 92,759 |
| 2011 | 146,089 | 86,825 |
| 2012 | 152,274 | 80,639 |
| 2013 | 158,721 | 74,192 |
| 2014 | 165,442 | 67,472 |
| 2015-2019 | 938,400 | 226,169 |
| 2020-2022 | 549,143 | 34,880 |
| | <u>\$ 2,250,224</u> | <u>\$ 662,936</u> |

5. Changes in Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2009, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------------|-------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Full Faith and Credit Bonds | \$ 1,750,000 | \$ - | \$ 125,000 | \$ 1,625,000 | \$ 1,625,000 |
| Limited Tax Issuances | 485,000 | - | - | 485,000 | - |
| Compensated Absences | 96,984 | 118,687 | 96,984 | 118,687 | 118,687 |
| Governmental activity Long-term obligations | <u>\$ 2,331,984</u> | <u>\$ 118,687</u> | <u>\$ 221,984</u> | <u>\$ 2,228,687</u> | <u>\$ 1,743,687</u> |
| Business - type activities: | | | | | |
| Revenue Bonds Payable | \$ 970,000 | \$ - | \$ 95,000 | \$ 875,000 | \$ 100,000 |
| Notes Payable | 2,384,286 | - | 134,062 | 2,250,224 | 140,155 |
| Business-type activity Long-term obligations | <u>\$ 3,354,286</u> | <u>\$ -</u> | <u>\$ 229,062</u> | <u>\$ 3,125,224</u> | <u>\$ 240,155</u> |

F. Interfund Receivable/Payable

In the fund financial statements, the General Fund has \$15,514 receivable from the Administrative Excise Charge Fund. The interfund loan is for temporary cash management requirements.

G. Transfers

Payments by the State Street Tax, Water, Sewer and Stormwater funds to the General Fund for reimbursement of operating expenses originally paid by the General Fund have been budgeted and paid as interfund transfers for budgetary purposes. These transfers have been reclassified to materials and services expenses for GAAP financial reporting. After the reclassification, net transfers between governmental activities and business-

type activities in the government-wide financial statements consist of transfers out of the business-type activities and transfers into the governmental activities in the amount of \$129,185.

A reconciliation of transfers in the fund financial statements is as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------|---------------------|----------------------|
| Governmental activities | | |
| General | \$ - | \$ 982,500 |
| Other funds | 2,100,493 | 981,496 |
| Capital asset transfer | - | 7,312 |
| Business-type activities | | |
| Water | 274,952 | 326,748 |
| Sewer | - | 59,108 |
| Wastewater | - | 18,281 |
| | <u>\$ 2,375,445</u> | <u>\$ 2,375,445</u> |

As part of the budget preparation and adoption, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years. Management believes that all claims are within the policy limits of the insurance coverage.

B. Defined Benefit Pension Plan – Public Employees Retirement System

1. Plan Description

The City of Fairview contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost sharing, multiple employer Defined Benefit Pension Plan, administered by the State of Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 assigns the authority to establish and amend the benefit provisions to the PERS Board of Trustees.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by

employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on the type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by OPERB may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling 1-503-598-7377, or by accessing the PERS website at www.per.state.or.us.

2. Funding Policy

Plan members are required to contribute 6% of their annual covered salary, which for the fiscal year ended June 30, 2009, the City began to pay on behalf of all Teamster and Non-represented employees. The City is required by ORS 238.225 to contribute at an actuarially determined rate; the current rate is 11.04% of annual covered payroll for Tier I and Tier II employees. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan (OPSRP). The rate for OPSRP is set at 14.67% of covered payroll for police employees and 11.40% for all others. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by the PERS Board of Trustees. The City's contributions to PERS for the years ending June 30, 2009, 2008, and 2007 were \$361,128, \$234,893, and \$229,740, respectively, equal to the required contributions each year.

The pension liability (asset) was determined in accordance with Government Accounting Standards Board Statement No. 27. Since all actuarially determined contributions have been paid, the pension liability (asset) is zero.

C. Commitments and Contingencies

1. Construction in Progress

The City is committed under various engineering and construction contracts at June 30, 2009. Major projects in progress at June 30, 2009 are as follows:

The Lincoln Street Sewer Replacement project is approximately 11% complete. Costs incurred to date are \$31,996, with total estimated costs of \$299,001.

The 6th Street Stormwater Improvement project is approximately 61% complete. Costs incurred to date are \$34,134, with total estimated costs of \$55,711.

The City is committed under various engineering contracts at June 30, 2009. Major projects in progress at June 30, 2009 are as follows:

The design phase of the Third Street Sidewalk project is approximately 72% complete. Costs incurred to date are \$19,553, with total estimated costs of \$26,975.

The design phase of the Well #9 project is approximately 60% complete. Costs incurred to date are \$26,423, with total estimated costs of \$44,000.

2. Subsequent Events

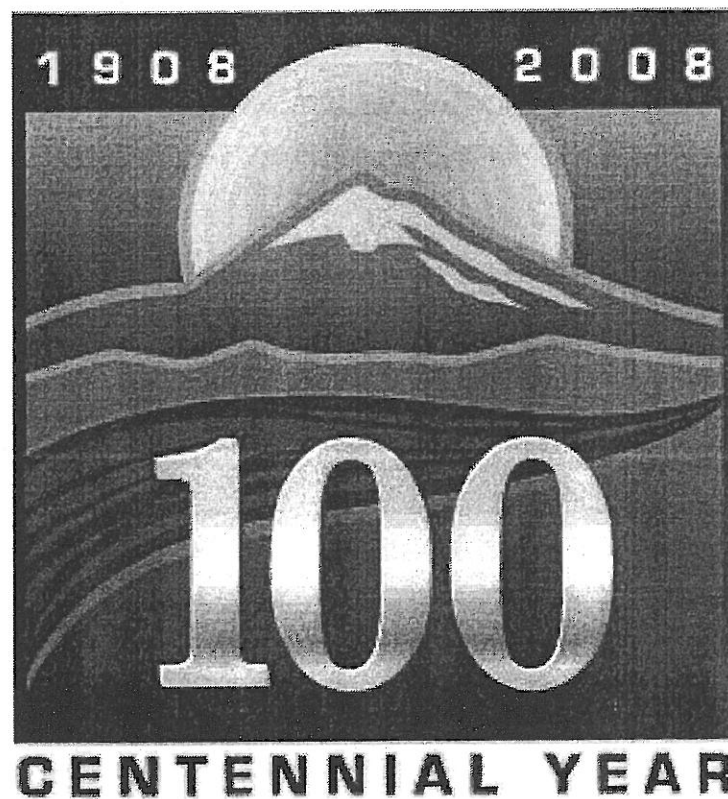
After June 30, 2009, the City, in its normal course of business, has awarded contracts for projects to include:

| | |
|---|------------|
| • Third Street Sidewalk | \$ 109,241 |
| • Crestwood Shop Remodel | \$ 319,584 |
| • New Financial System | \$ 126,858 |
| • Well #9 Drilling | \$ 426,595 |
| • Thompson Street Stormwater Improvements | \$ 118,322 |
| • Fairview Woods Park Improvements | \$ 101,000 |

In August 2009, the City received notification of approval of the receipt of American Reinvestment and Recovery Act funding through the Safe Water Revolving Loan Fund of the Environmental Protection Agency. The funding will be used to fund a portion of the Well #9 project. The total funding available through the loan fund is \$1,250,000, which will be split evenly between a traditional loan at 3% and a forgivable loan also at 3%. The total cost of the project is anticipated to be \$1,654,500.

SUPPLEMENTAL INFORMATION

FAIRVIEW



COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds- These funds account for revenue from specific sources that are legally restricted to expenditures for specified purposes. Funds included in this category are:

- *State Tax Street Fund* - The State Tax Street Fund accounts for the cost of maintaining City streets and alley ways. Principal sources of revenue are state shared gas revenue apportioned from the State of Oregon and county shared revenue apportioned from Multnomah County.
- *Administrative Excise Charge* – accounts for the cost of public infrastructure such as the City Hall and other City buildings. Revenue consists of State Tax Street Fund rent payment on City Hall debt, administrative excise charged for residential and commercial development, and transfers from the Water Fund, the Sewer Fund, the Stormwater Fund, and the General Fund.
- *Equipment Replacement* – accounts for the cost of routine replacement of Police and vehicles, Public Works vehicles and other city equipment. Revenue for police vehicles comes from the General Fund Public Safety Department and revenue for Public Works vehicles comes from the General Fund Public Works, State Tax Street Fund, Water Fund, Sewer Fund and Stormwater Fund. Equipment that benefits all departments is funded by those departments.
- *Facilities Maintenance* – accounts for the routine repair and maintenance of city facilities. Revenue consists of contributions from Public Works and Community Development for facility maintenance and the interest earned on the cash balance of the fund.
- *Parks / Open Spaces* – accounts for the funding for basic park facilities required to meet the needs of a growing city population. Revenue consists of Parks System Development Charge paid by all residential development at the time a building permit is issued for construction, the interest earned on investments, and transfers from the General Fund.

Debt Service Funds – These funds account for revenues and expenditures related to the repayment of long-term indebtedness. Funds included in this category are:

- *City Hall Debt* – accounts for the cost of debt service on City Hall. Sources of revenue are transfers from the General Fund, the Water Fund, the Sewer Fund, the State Tax Street Fund, and Stormwater Fund. The Administrative Excise Charge Fund also contributes fees from new construction collected for public infrastructure.

CITY OF FAIRVIEW, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2009

| | Special Revenue Funds | | | | | Debt Service Fund | |
|--|-----------------------|-----------------------------------|----------------------------|-----------------------------|--------------------------|---------------------|--------------------|
| | State Tax Street Fund | Administrative Excise Charge Fund | Equipment Replacement Fund | Facilities Maintenance Fund | Parks / Open Spaces Fund | City Hall Debt Fund | Totals |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 200,435 | \$ - | \$ 538,563 | \$ 88,552 | \$ 286,641 | \$1,593,066 | \$2,707,257 |
| Receivables: | | | | | | | |
| Accounts | 32,019 | - | - | - | - | - | 32,019 |
| Total assets | <u>\$ 232,454</u> | <u>\$ -</u> | <u>\$ 538,563</u> | <u>\$ 88,552</u> | <u>\$ 286,641</u> | <u>\$1,593,066</u> | <u>\$2,739,276</u> |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued liabilities | \$ 22,623 | \$ - | \$ 3,543 | \$ - | \$ 4,959 | \$ - | \$ 31,125 |
| Deposits | 18,327 | - | - | - | - | - | 18,327 |
| Interfund payable | - | 15,514 | - | - | - | - | 15,514 |
| Total liabilities | <u>40,950</u> | <u>15,514</u> | <u>3,543</u> | <u>-</u> | <u>4,959</u> | <u>-</u> | <u>64,966</u> |
| FUND BALANCES | | | | | | | |
| Reserved for: | | | | | | | |
| Debt service | - | - | - | - | - | 1,593,066 | 1,593,066 |
| Highways and streets | 191,504 | - | - | - | - | - | 191,504 |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | - | (15,514) | 535,020 | 88,552 | 281,682 | - | 889,740 |
| Total fund balances (deficits) | <u>191,504</u> | <u>(15,514)</u> | <u>535,020</u> | <u>88,552</u> | <u>281,682</u> | <u>1,593,066</u> | <u>2,674,310</u> |
| Total liabilities and fund balances | <u>\$ 232,454</u> | <u>\$ -</u> | <u>\$ 538,563</u> | <u>\$ 88,552</u> | <u>\$ 286,641</u> | <u>\$1,593,066</u> | <u>\$2,739,276</u> |

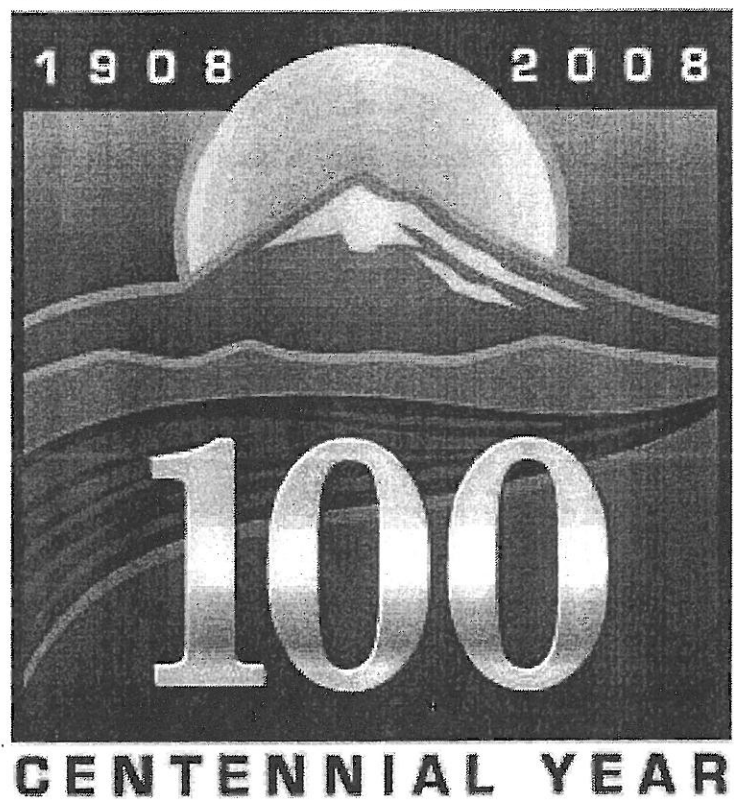
See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

| | Special Revenue Funds | | | | | Debt Service Fund | |
|---|-----------------------|-----------------------------------|----------------------------|-----------------------------|--------------------------|---------------------|---------------------|
| | State Tax Street Fund | Administrative Excise Charge Fund | Equipment Replacement Fund | Facilities Maintenance Fund | Parks / Open Spaces Fund | City Hall Debt Fund | Totals |
| REVENUES | | | | | | | |
| Licenses and fees | \$ 2,110 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,110 |
| Charges for services | - | 15,280 | 4,322 | - | - | - | 19,602 |
| Intergovernmental | 445,192 | - | - | - | - | - | 445,192 |
| Rental income | - | 9,732 | - | - | - | - | 9,732 |
| Interest on investments | 5,033 | 11,385 | 8,103 | 1,338 | 5,841 | 11,706 | 43,406 |
| TOTAL REVENUES | <u>452,335</u> | <u>36,397</u> | <u>12,425</u> | <u>1,338</u> | <u>5,841</u> | <u>11,706</u> | <u>520,042</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | 1,000 | 1,000 |
| Highways and streets | 301,315 | - | - | - | - | - | 301,315 |
| Capital outlay | 269,859 | - | 51,205 | 2,849 | 25,261 | - | 349,174 |
| Debt service | - | - | - | - | - | 205,185 | 205,185 |
| TOTAL EXPENDITURES | <u>571,174</u> | <u>-</u> | <u>51,205</u> | <u>2,849</u> | <u>25,261</u> | <u>206,185</u> | <u>856,674</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(118,839)</u> | <u>36,397</u> | <u>(38,780)</u> | <u>(1,511)</u> | <u>(19,420)</u> | <u>(194,479)</u> | <u>(336,632)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | 105,700 | 169,580 | 25,000 | 25,000 | 1,775,213 | 2,100,493 |
| Transfers out | (6,283) | (975,213) | - | - | - | - | (981,496) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(6,283)</u> | <u>(869,513)</u> | <u>169,580</u> | <u>25,000</u> | <u>25,000</u> | <u>1,775,213</u> | <u>1,118,997</u> |
| NET CHANGE IN FUND BALANCE | <u>(125,122)</u> | <u>(833,116)</u> | <u>130,800</u> | <u>23,489</u> | <u>5,580</u> | <u>1,580,734</u> | <u>782,365</u> |
| FUND BALANCE, Beginning | <u>316,626</u> | <u>817,602</u> | <u>404,220</u> | <u>65,063</u> | <u>276,102</u> | <u>12,332</u> | <u>1,891,945</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ 191,504</u> | <u>\$ (15,514)</u> | <u>\$ 535,020</u> | <u>\$ 88,552</u> | <u>\$ 281,682</u> | <u>\$ 1,593,066</u> | <u>\$ 2,674,310</u> |

See auditor's report.

FAIRVIEW



COMBINING SCHEDULES

Proprietary Funds

The City of Fairview uses three Proprietary Funds comprised entirely of Enterprise Funds.

Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services and to account for the acquisition, operation, and maintenance of the water, sewer, and stormwater facilities. These funds are entirely or predominately self-supported through user charges to the customer. Funds included are:

- **Water**
- **Sewer**
- **Stormwater**

For budgetary purposes the above funds are accounted for in the following separate funds:

- **All Water Funds**
 - Water
 - Water Reimbursement
 - Water Improvement
 - Water Bonded Debt
- **All Sewer Funds**
 - Sanitary Sewer
 - Sewer Reimbursement
 - Sewer Improvement
- **All Stormwater Funds**
 - Stormwater
 - Stormwater Improvement

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF NET ASSETS
WATER ENTERPRISE ACTIVITY
June 30, 2009

| | Water Fund | Water Reimbursement Fund | Water Improvement Fund | Water Bond Debt Fund | Total |
|---|----------------------|--------------------------------|------------------------------|----------------------------|----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 486,848 | \$ - | \$ - | \$ - | \$ 486,848 |
| Receivables: | | | | | |
| Accounts | 149,458 | - | - | - | 149,458 |
| Total current assets | 636,306 | - | - | - | 636,306 |
| Noncurrent assets: | | | | | |
| Restricted cash and cash equivalents | - | 150,477 | 189,189 | 276,060 | 615,726 |
| Bond discount and issuance costs | 33,232 | - | - | - | 33,232 |
| Capital assets: | | | | | |
| Land | 531,270 | - | - | - | 531,270 |
| Construction in progress | 26,423 | - | - | - | 26,423 |
| Depreciable assets, net of depreciation | 10,217,312 | - | - | - | 10,217,312 |
| Total noncurrent assets | 10,808,237 | 150,477 | 189,189 | 276,060 | 11,423,963 |
| Total assets | <u>\$ 11,444,543</u> | <u>\$ 150,477</u> | <u>\$ 189,189</u> | <u>\$ 276,060</u> | <u>\$ 12,060,269</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 18,118 | \$ - | \$ - | \$ - | \$ 18,118 |
| Accrued interest payable | 8,638 | - | - | - | 8,638 |
| Deposits | 9,925 | - | - | - | 9,925 |
| Current portion of long-term debt | 100,000 | - | - | - | 100,000 |
| Total current liabilities | 136,681 | - | - | - | 136,681 |
| Long-term debt, net of current portion: | | | | | |
| Bonds payable | 775,000 | - | - | - | 775,000 |
| Total liabilities | 911,681 | - | - | - | 911,681 |
| Net assets: | | | | | |
| Invested in capital assets, net of related debt | 9,900,005 | - | - | - | 9,900,005 |
| Restricted for system development | - | 150,477 | 189,189 | - | 339,666 |
| Restricted for debt service | - | - | - | 276,060 | 276,060 |
| Unrestricted | 632,857 | - | - | - | 632,857 |
| Total net assets | 10,532,862 | 150,477 | 189,189 | 276,060 | 11,148,588 |
| Total liabilities and net assets | <u>\$ 11,444,543</u> | <u>\$ 150,477</u> | <u>\$ 189,189</u> | <u>\$ 276,060</u> | <u>\$ 12,060,269</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF NET ASSETS
SEWER ENTERPRISE ACTIVITY
June 30, 2009

| | Sewer Fund | Sewer Reimbursement Fund | Sewer Improvement Fund | Total |
|---|----------------------|--------------------------------|------------------------------|----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,732,818 | \$ - | \$ - | \$ 1,732,818 |
| Receivables: | | | | |
| Accounts | <u>237,754</u> | <u>-</u> | <u>-</u> | <u>237,754</u> |
| Total current assets | <u>1,970,572</u> | <u>-</u> | <u>-</u> | <u>1,970,572</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | - | 123,486 | 435,900 | 559,386 |
| Capital assets: | | | | |
| Land | 228,550 | - | - | 228,550 |
| Construction in progress | 31,995 | - | - | 31,995 |
| Depreciable assets, net of depreciation | <u>8,607,402</u> | <u>-</u> | <u>-</u> | <u>8,607,402</u> |
| Total noncurrent assets | <u>8,867,947</u> | <u>123,486</u> | <u>435,900</u> | <u>9,427,333</u> |
| Total assets | <u>\$ 10,838,519</u> | <u>\$ 123,486</u> | <u>\$ 435,900</u> | <u>\$ 11,397,905</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 231,810 | \$ - | \$ - | \$ 231,810 |
| Accrued interest payable | 23,553 | - | - | 23,553 |
| Deposits | 2,000 | - | - | 2,000 |
| Current portion of long-term debt | <u>140,155</u> | <u>-</u> | <u>-</u> | <u>140,155</u> |
| Total current liabilities | <u>397,518</u> | <u>-</u> | <u>-</u> | <u>397,518</u> |
| Long-term debt, net of current portion: | | | | |
| Notes and contracts payable | <u>2,110,069</u> | <u>-</u> | <u>-</u> | <u>2,110,069</u> |
| Total liabilities | <u>2,507,587</u> | <u>-</u> | <u>-</u> | <u>2,507,587</u> |
| Net assets: | | | | |
| Invested in capital assets, net of related debt | 6,617,723 | - | - | 6,617,723 |
| Restricted for system development | - | 123,486 | 435,900 | 559,386 |
| Unrestricted | <u>1,713,209</u> | <u>-</u> | <u>-</u> | <u>1,713,209</u> |
| Total net assets | <u>8,330,932</u> | <u>123,486</u> | <u>435,900</u> | <u>8,890,318</u> |
| Total liabilities and net assets | <u>\$ 10,838,519</u> | <u>\$ 123,486</u> | <u>\$ 435,900</u> | <u>\$ 11,397,905</u> |

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF NET ASSETS
STORMWATER ENTERPRISE ACTIVITY
June 30, 2009

| | Stormwater Fund | Stormwater Improvement Fund | Total |
|---|---------------------|-----------------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 321,681 | \$ - | \$ 321,681 |
| Receivables: | | | |
| Accounts | 62,985 | - | 62,985 |
| Total current assets | 384,666 | - | 384,666 |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | - | 467,530 | 467,530 |
| Capital assets: | | | |
| Land | 221,610 | - | 221,610 |
| Construction in progress | 38,134 | - | 38,134 |
| Depreciable assets, net of depreciation | 4,079,618 | - | 4,079,618 |
| Total noncurrent assets | 4,339,362 | 467,530 | 4,806,892 |
| Total assets | <u>\$ 4,724,028</u> | <u>\$ 467,530</u> | <u>\$ 5,191,558</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 28,971 | \$ 7,836 | \$ 36,807 |
| Deposits | 14,980 | - | 14,980 |
| Total current liabilities | 43,951 | 7,836 | 51,787 |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 4,339,362 | - | 4,339,362 |
| Restricted for system development | - | 459,694 | 459,694 |
| Unrestricted | 340,715 | - | 340,715 |
| Total net assets | 4,680,077 | 459,694 | 5,139,771 |
| Total liabilities and net assets | <u>\$ 4,724,028</u> | <u>\$ 467,530</u> | <u>\$ 5,191,558</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
WATER ENTERPRISE ACTIVITY
For the Fiscal Year Ended June 30, 2009

| | Water Fund | Water Reimbursement Fund | Water Improvement Fund | Water Bond Debt Fund | Total |
|---|----------------------|--------------------------------|------------------------------|----------------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 1,099,500 | \$ - | \$ - | \$ - | \$ 1,099,500 |
| TOTAL OPERATING REVENUES | <u>1,099,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,099,500</u> |
| OPERATING EXPENSES | | | | | |
| Materials and services | 737,524 | - | 600 | 400 | 738,524 |
| Depreciation | 220,068 | - | - | - | 220,068 |
| TOTAL OPERATING EXPENSES | <u>957,592</u> | <u>-</u> | <u>600</u> | <u>400</u> | <u>958,592</u> |
| OPERATING INCOME (LOSS) | <u>141,908</u> | <u>-</u> | <u>(600)</u> | <u>(400)</u> | <u>140,908</u> |
| NON-OPERATING INCOME (EXPENSES) | | | | | |
| Interest on investments | 10,683 | 2,829 | 4,003 | 3,821 | 21,336 |
| Interest expense | (41,022) | - | - | - | (41,022) |
| TOTAL NON-OPERATING INCOME (EXPENSES) | <u>(30,339)</u> | <u>2,829</u> | <u>4,003</u> | <u>3,821</u> | <u>(19,686)</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | <u>111,569</u> | <u>2,829</u> | <u>3,403</u> | <u>3,421</u> | <u>121,222</u> |
| CAPITAL CONTRIBUTIONS | | | | | |
| System development charges | - | 16,607 | 16,221 | - | 32,828 |
| TRANSFERS | | | | | |
| Transfers in | 166,375 | - | - | 267,640 | 434,015 |
| Transfers out | (326,748) | - | (26,423) | (132,640) | (485,811) |
| CHANGE IN NET ASSETS | <u>(48,804)</u> | <u>19,436</u> | <u>(6,799)</u> | <u>138,421</u> | <u>102,254</u> |
| NET ASSETS, Beginning | <u>10,581,666</u> | <u>131,041</u> | <u>195,988</u> | <u>137,639</u> | <u>11,046,334</u> |
| NET ASSETS, Ending | <u>\$ 10,532,862</u> | <u>\$ 150,477</u> | <u>\$ 189,189</u> | <u>\$ 276,060</u> | <u>\$ 11,148,588</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
SEWER ENTERPRISE ACTIVITY
For the Fiscal Year Ended June 30, 2009

| | Sewer Fund | Sewer Reimbursement Fund | Sewer Improvement Fund | Total |
|---|---------------------|--------------------------------|------------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,809,535 | \$ - | \$ - | \$ 1,809,535 |
| TOTAL OPERATING REVENUES | <u>1,809,535</u> | <u>-</u> | <u>-</u> | <u>1,809,535</u> |
| OPERATING EXPENSES | | | | |
| Materials and services | 1,223,756 | - | - | 1,223,756 |
| Depreciation | 342,295 | - | - | 342,295 |
| TOTAL OPERATING EXPENSES | <u>1,566,051</u> | <u>-</u> | <u>-</u> | <u>1,566,051</u> |
| OPERATING INCOME (LOSS) | <u>243,484</u> | <u>-</u> | <u>-</u> | <u>243,484</u> |
| NON-OPERATING INCOME (EXPENSES) | | | | |
| Interest on investments | 30,804 | 2,512 | 8,668 | 41,984 |
| Interest expense | (97,544) | - | - | (97,544) |
| TOTAL NON-OPERATING INCOME (EXPENSES) | <u>(66,740)</u> | <u>2,512</u> | <u>8,668</u> | <u>(55,560)</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | 176,744 | 2,512 | 8,668 | 187,924 |
| CAPITAL CONTRIBUTIONS | | | | |
| System development charges | - | 2,408 | 19,548 | 21,956 |
| TRANSFERS | | | | |
| Transfers out | (59,108) | - | - | (59,108) |
| CHANGE IN NET ASSETS | 117,636 | 4,920 | 28,216 | 150,772 |
| NET ASSETS, Beginning | <u>8,213,296</u> | <u>118,566</u> | <u>407,684</u> | <u>8,739,546</u> |
| NET ASSETS, Ending | <u>\$ 8,330,932</u> | <u>\$ 123,486</u> | <u>\$ 435,900</u> | <u>\$ 8,890,318</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
STORMWATER ENTERPRISE ACTIVITY
For the Fiscal Year Ended June 30, 2009

| | Stormwater Fund | Stormwater Improvement Fund | Total |
|---|---------------------|-----------------------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 478,768 | \$ - | \$ 478,768 |
| TOTAL OPERATING REVENUES | <u>478,768</u> | <u>-</u> | <u>478,768</u> |
| OPERATING EXPENSES | | | |
| Materials and services | 396,107 | 26,106 | 422,213 |
| Depreciation | <u>218,387</u> | <u>-</u> | <u>218,387</u> |
| TOTAL OPERATING EXPENSES | <u>614,494</u> | <u>26,106</u> | <u>640,600</u> |
| OPERATING INCOME (LOSS) | <u>(135,726)</u> | <u>(26,106)</u> | <u>(161,832)</u> |
| NON-OPERATING INCOME (EXPENSES) | | | |
| Interest on investments | <u>6,282</u> | <u>9,987</u> | <u>16,269</u> |
| TOTAL NON-OPERATING INCOME (EXPENSES) | <u>6,282</u> | <u>9,987</u> | <u>16,269</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | <u>(129,444)</u> | <u>(16,119)</u> | <u>(145,563)</u> |
| CAPITAL CONTRIBUTIONS | | | |
| System development charges | - | 32,574 | 32,574 |
| TRANSFERS | | | |
| Transfers in | 42,635 | - | 42,635 |
| Transfers out | <u>(18,281)</u> | <u>(42,635)</u> | <u>(60,916)</u> |
| CHANGE IN NET ASSETS | <u>(105,090)</u> | <u>(26,180)</u> | <u>(131,270)</u> |
| NET ASSETS, Beginning | <u>4,785,167</u> | <u>485,874</u> | <u>5,271,041</u> |
| NET ASSETS, Ending | <u>\$ 4,680,077</u> | <u>\$ 459,694</u> | <u>\$ 5,139,771</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF CASH FLOWS
WATER ENTERPRISE ACTIVITY
For the Fiscal Year Ended June 30, 2009

| | Water Fund | Water Reimbursement Fund | Water Improvement Fund | Water Bonded Debt Fund | Totals |
|---|-------------------|--------------------------------|------------------------------|------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ 1,042,001 | \$ - | \$ - | \$ - | \$ 1,042,001 |
| Payments to suppliers | (286,627) | - | (600) | (400) | (287,627) |
| Payments for interfund services used | (457,592) | - | - | - | (457,592) |
| Net cash provided from (used by) operating activities | 297,782 | - | (600) | (400) | 296,782 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers in | 159,063 | - | - | 267,640 | 426,703 |
| Transfers out | (326,748) | - | (26,423) | (132,640) | (485,811) |
| Net cash provided from (used by) non-capital financing activities | (167,685) | - | (26,423) | 135,000 | (59,108) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| System development charges | - | 16,607 | 16,221 | - | 32,828 |
| Acquisition of capital assets | (26,423) | - | - | - | (26,423) |
| Principal paid on long-term obligations | (95,000) | - | - | - | (95,000) |
| Interest paid on long-term obligations | (37,640) | - | - | - | (37,640) |
| Net cash provided from (used by) capital and related financing activities | (159,063) | 16,607 | 16,221 | - | (126,235) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest on investments | 10,683 | 2,829 | 4,003 | 3,821 | 21,336 |
| Net cash provided from (used by) investing activities | 10,683 | 2,829 | 4,003 | 3,821 | 21,336 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (18,283) | 19,436 | (6,800) | 138,421 | 132,775 |
| CASH AND CASH EQUIVALENTS, Beginning | 505,131 | 131,041 | 195,988 | 137,639 | 969,799 |
| CASH AND CASH EQUIVALENTS, Ending | <u>\$ 486,848</u> | <u>\$ 150,477</u> | <u>\$ 189,189</u> | <u>\$ 276,060</u> | <u>\$ 1,102,574</u> |
| COMPRISED AS FOLLOWS: | | | | | |
| Cash and cash equivalents | \$ 486,848 | \$ - | \$ - | \$ - | \$ 486,848 |
| Restricted cash and cash equivalents | - | 150,477 | 189,189 | 276,060 | 615,726 |
| | <u>\$ 486,848</u> | <u>\$ 150,477</u> | <u>\$ 189,189</u> | <u>\$ 276,060</u> | <u>\$ 1,102,574</u> |
| Reconciliation of operating income (loss) to net cash provided from (used by) operating activities | | | | | |
| Operating income (loss) | \$ 141,908 | \$ - | \$ (600) | \$ (400) | \$ 140,908 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Depreciation | 220,068 | - | - | - | 220,068 |
| (Increase) decrease in assets: | | | | | |
| Receivables | (56,499) | - | - | - | (56,499) |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable and accrued expenses | (6,695) | - | - | - | (6,695) |
| Deposits | (1,000) | - | - | - | (1,000) |
| Net cash provided from (used by) operating activities | <u>\$ 297,782</u> | <u>\$ -</u> | <u>\$ (600)</u> | <u>\$ (400)</u> | <u>\$ 296,782</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Transfer of capital assets between funds | <u>\$ 7,312</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,312</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF CASH FLOWS
SEWER ENTERPRISE ACTIVITY
For the Fiscal Year Ended June 30, 2009

| | Sewer Fund | Sewer Reimbursement Fund | Sewer Improvement Fund | Totals |
|---|---------------------|--------------------------------|------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 1,746,632 | \$ - | \$ - | \$ 1,746,632 |
| Payments to suppliers | (936,105) | - | - | (936,105) |
| Payments for interfund services used | (352,776) | - | - | (352,776) |
| Net cash provided from (used by) operating activities | 457,751 | - | - | 457,751 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers out | (59,108) | - | - | (59,108) |
| Net cash provided from (used by) non-capital financing activities | (59,108) | - | - | (59,108) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| System development charges | - | 2,408 | 19,548 | 21,956 |
| Acquisition of capital assets | (31,995) | - | - | (31,995) |
| Principal paid on long-term obligations | (134,062) | - | - | (134,062) |
| Interest paid on long-term obligations | (98,952) | - | - | (98,952) |
| Net cash provided from (used by) capital and related financing activities | (265,009) | 2,408 | 19,548 | (243,053) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on investments | 30,804 | 2,512 | 8,668 | 41,984 |
| Net cash provided from (used by) investing activities | 30,804 | 2,512 | 8,668 | 41,984 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 164,438 | 4,920 | 28,216 | 197,574 |
| CASH AND CASH EQUIVALENTS, Beginning | 1,568,380 | 118,566 | 407,684 | 2,094,630 |
| CASH AND CASH EQUIVALENTS, Ending | <u>\$ 1,732,818</u> | <u>\$ 123,486</u> | <u>\$ 435,900</u> | <u>\$ 2,292,204</u> |
| COMPRISED AS FOLLOWS: | | | | |
| Cash and cash equivalents | \$ 1,732,818 | \$ - | \$ - | \$ 1,732,818 |
| Restricted cash and cash equivalents | - | 123,486 | 435,900 | 559,386 |
| | <u>\$ 1,732,818</u> | <u>\$ 123,486</u> | <u>\$ 435,900</u> | <u>\$ 2,292,204</u> |
| Reconciliation of operating income (loss) to net cash provided from (used by) operating activities | | | | |
| Operating income (loss) | \$ 243,484 | \$ - | \$ - | \$ 243,484 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation | 342,295 | - | - | 342,295 |
| (Increase) decrease in assets: | | | | |
| Receivables | (62,903) | - | - | (62,903) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and accrued expenses | (65,125) | - | - | (65,125) |
| Net cash provided from (used by) operating activities | <u>\$ 457,751</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 457,751</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
COMBINING SCHEDULE OF CASH FLOWS
STORMWATER ENTERPRISE ACTIVITY
For the Fiscal Year Ended June 30, 2009

| | Stormwater Fund | Stormwater Improvement Fund | Totals |
|---|--------------------|-----------------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 459,537 | \$ - | \$ 459,537 |
| Payments to suppliers | (103,740) | (18,270) | (122,010) |
| Payments for interfund services used | (321,324) | - | (321,324) |
| Net cash provided from (used by) operating activities | 34,473 | (18,270) | 16,203 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | 42,635 | - | 42,635 |
| Transfers out | (18,281) | (42,635) | (60,916) |
| Net cash provided from (used by) non-capital financing activities | 24,354 | (42,635) | (18,281) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| System development charges | - | 32,574 | 32,574 |
| Acquisition of capital assets | (89,583) | - | (89,583) |
| Net cash provided from (used by) capital and related financing activities | (89,583) | 32,574 | (57,009) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on investments | 6,282 | 9,987 | 16,269 |
| Net cash provided from (used by) investing activities | 6,282 | 9,987 | 16,269 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (24,474) | (18,344) | (42,818) |
| CASH AND CASH EQUIVALENTS, Beginning | 346,155 | 485,874 | 832,029 |
| CASH AND CASH EQUIVALENTS, Ending | <u>\$ 321,681</u> | <u>\$ 467,530</u> | <u>\$ 789,211</u> |
| COMPRISED AS FOLLOWS: | | | |
| Cash and cash equivalents | \$ 321,681 | \$ - | \$ 321,681 |
| Restricted cash and cash equivalents | - | 467,530 | 467,530 |
| | <u>\$ 321,681</u> | <u>\$ 467,530</u> | <u>\$ 789,211</u> |
| Reconciliation of operating income (loss) to net cash provided from (used by) operating activities | | | |
| Operating income (loss) | \$ (135,726) | \$ (26,106) | \$ (161,832) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | |
| Depreciation | 218,387 | - | 218,387 |
| (Increase) decrease in assets: | | | |
| Receivables | (19,231) | - | (19,231) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable and accrued expenses | (28,957) | 7,836 | (21,121) |
| Net cash provided from (used by) operating activities | <u>\$ 34,473</u> | <u>\$ (18,270)</u> | <u>\$ 16,203</u> |

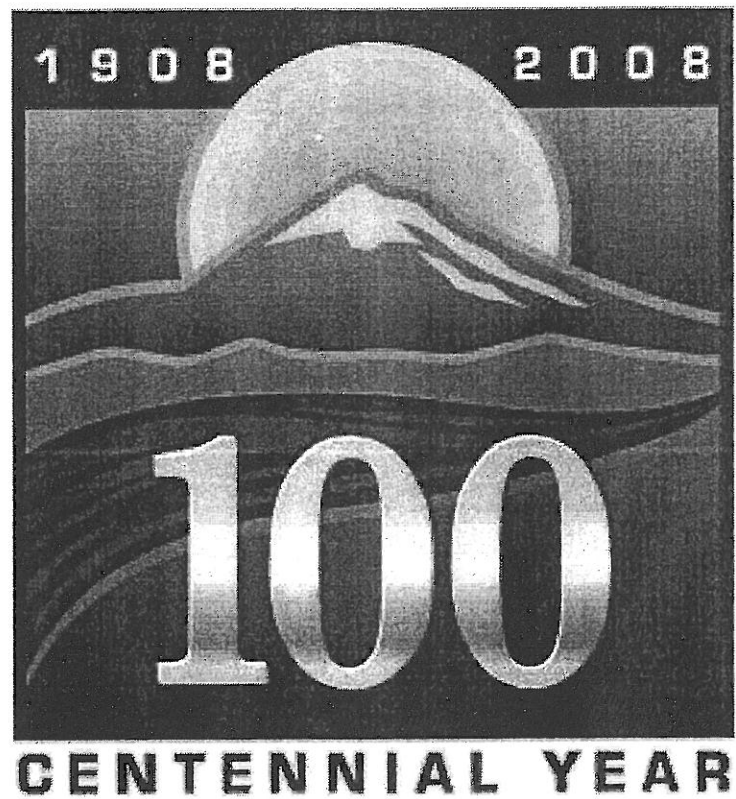
See auditor's report.

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund is presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.

FAIRVIEW



**SCHEDULE OF EXPENDITURES OF PERSONAL SERVICES AND
MATERIALS AND SERVICES - BUDGET AND ACTUAL,
BY DEPARTMENT (NON-GAAP BUDGETARY BASIS)**

▪ **General Fund**

CITY OF FAIRVIEW, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES OF PERSONAL SERVICES AND MATERIALS AND SERVICES -
BUDGET AND ACTUAL, BY DEPARTMENT (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2009

| | Personal Services | | | Material and Services | | | Total Current | | |
|----------------------------|---------------------|---------------------|--|-----------------------|---------------------|--|---------------------|---------------------|--|
| | Budgeted Amounts | | Variance with Final Budget- Positive (Negative) | Budgeted Amounts | | Variance with Final Budget- Positive (Negative) | Budgeted Amounts | | Variance with Final Budget- Positive (Negative) |
| | Original | Final | | Original | Final | | Original | Final | |
| EXPENDITURES | | | | | | | | | |
| General government: | | | | | | | | | |
| Administration | \$ 814,275 | \$ 814,275 | \$ 78,269 | \$ 582,465 | \$ 582,465 | \$ 10,094 | \$ 1,396,740 | \$ 1,308,377 | \$ 88,363 |
| Public safety: | | | | | | | | | |
| Public safety | 1,508,647 | 1,508,647 | 111,303 | 1,116,706 | 1,116,706 | 45,951 | 2,625,353 | 2,468,099 | 157,254 |
| Public works: | | | | | | | | | |
| Public works | 934,468 | 934,468 | 35,023 | 155,380 | 155,380 | 23,420 | 1,089,848 | 1,031,405 | 58,443 |
| Community development: | | | | | | | | | |
| Community development | 423,997 | 423,997 | 34,732 | 299,500 | 299,500 | 97,845 | 723,497 | 590,920 | 132,577 |
| TOTAL EXPENDITURES* | \$ 3,681,387 | \$ 3,681,387 | \$ 259,327 | \$ 2,154,051 | \$ 2,154,051 | \$ 177,310 | \$ 5,835,438 | \$ 5,398,801 | \$ 436,637 |

* Budget Appropriation Level

**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Governmental Funds

Special Revenue Funds

- State Tax Street
- Administrative Excise Charge
- Equipment Replacement
- Facilities Maintenance
- Parks/Open Spaces

Debt Service Funds

- Fairview Lake Sewer LID
- City Hall Debt

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE TAX STREET FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses and fees | \$ 8,000 | \$ 8,000 | \$ 2,110 | \$ (5,890) |
| Intergovernmental | 483,130 | 483,130 | 445,192 | (37,938) |
| Interest on investments | 10,000 | 10,000 | 5,033 | (4,967) |
| TOTAL REVENUES | <u>501,130</u> | <u>501,130</u> | <u>452,335</u> | <u>(48,795)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and streets: | | | | |
| Materials and services | 74,732 | 74,732 | 66,115 | 8,617 |
| Capital outlay | 353,069 | 353,069 | 269,859 | 83,210 |
| Contingency | 50,000 | 50,000 | - | 50,000 |
| TOTAL EXPENDITURES | <u>477,801</u> | <u>477,801</u> | <u>335,974</u> | <u>141,827</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>23,329</u> | <u>23,329</u> | <u>116,361</u> | <u>93,032</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (294,829) | (241,483) | (241,483) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(294,829)</u> | <u>(241,483)</u> | <u>(241,483)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (271,500) | (218,154) | (125,122) | 93,032 |
| FUND BALANCE, Beginning | <u>271,500</u> | <u>271,500</u> | <u>316,626</u> | <u>45,126</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ 53,346</u> | <u>\$ 191,504</u> | <u>\$ 138,158</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ADMINISTRATIVE EXCISE CHARGE FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 48,750 | \$ 48,750 | \$ 15,280 | \$ (33,470) |
| Rental income | 9,732 | 9,732 | 9,732 | - |
| Interest on investments | 25,700 | 25,700 | 11,385 | (14,315) |
| TOTAL REVENUES | <u>84,182</u> | <u>84,182</u> | <u>36,397</u> | <u>(47,785)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 105,700 | 105,700 | 105,700 | - |
| Transfers out | (975,213) | (975,213) | (975,213) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(869,513)</u> | <u>(869,513)</u> | <u>(869,513)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (785,331) | (785,331) | (833,116) | (47,785) |
| FUND BALANCE, Beginning | <u>818,355</u> | <u>818,355</u> | <u>817,602</u> | <u>(753)</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ 33,024</u> | <u>\$ 33,024</u> | <u>\$ (15,514)</u> | <u>\$ (48,538)</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 3,500 | \$ 3,500 | \$ 4,322 | \$ 822 |
| Interest on investments | 9,000 | 9,000 | 8,103 | (897) |
| Miscellaneous | 1,500 | 1,500 | - | (1,500) |
| TOTAL REVENUES | <u>14,000</u> | <u>14,000</u> | <u>12,425</u> | <u>(1,575)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 189,700 | 189,700 | 51,205 | 138,495 |
| TOTAL EXPENDITURES | <u>189,700</u> | <u>189,700</u> | <u>51,205</u> | <u>138,495</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(175,700)</u> | <u>(175,700)</u> | <u>(38,780)</u> | <u>136,920</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 174,055 | 174,055 | 169,580 | (4,475) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>174,055</u> | <u>174,055</u> | <u>169,580</u> | <u>(4,475)</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,645)</u> | <u>(1,645)</u> | <u>130,800</u> | <u>132,445</u> |
| FUND BALANCE, Beginning | <u>360,380</u> | <u>360,380</u> | <u>404,220</u> | <u>43,840</u> |
| FUND BALANCE, Ending | <u>\$ 358,735</u> | <u>\$ 358,735</u> | <u>\$ 535,020</u> | <u>\$ 176,285</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FACILITIES MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ 1,000 | \$ 1,000 | \$ 1,338 | \$ 338 |
| TOTAL REVENUES | <u>1,000</u> | <u>1,000</u> | <u>1,338</u> | <u>338</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>15,000</u> | <u>15,000</u> | <u>2,849</u> | <u>12,151</u> |
| TOTAL EXPENDITURES | <u>15,000</u> | <u>15,000</u> | <u>2,849</u> | <u>12,151</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(14,000)</u> | <u>(14,000)</u> | <u>(1,511)</u> | <u>12,489</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 11,000 | 11,000 | 23,489 | 12,489 |
| FUND BALANCE, Beginning | <u>63,330</u> | <u>63,330</u> | <u>65,063</u> | <u>1,733</u> |
| FUND BALANCE, Ending | <u>\$ 74,330</u> | <u>\$ 74,330</u> | <u>\$ 88,552</u> | <u>\$ 14,222</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARKS / OPEN SPACES FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 43,200 | \$ 43,200 | \$ - | \$ (43,200) |
| Intergovernmental | 460,730 | 460,730 | - | (460,730) |
| Interest on investments | 14,000 | 14,000 | 5,841 | (8,159) |
| TOTAL REVENUES | <u>517,930</u> | <u>517,930</u> | <u>5,841</u> | <u>(512,089)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 1,425,822 | 1,425,822 | 25,261 | 1,400,561 |
| Contingency | 83,608 | 83,608 | - | 83,608 |
| TOTAL EXPENDITURES | <u>1,509,430</u> | <u>1,509,430</u> | <u>25,261</u> | <u>1,484,169</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(991,500)</u> | <u>(991,500)</u> | <u>(19,420)</u> | <u>972,080</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 25,000 | 25,000 | 25,000 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(966,500)</u> | <u>(966,500)</u> | <u>5,580</u> | <u>972,080</u> |
| FUND BALANCE, Beginning | <u>966,500</u> | <u>966,500</u> | <u>276,102</u> | <u>(690,398)</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 281,682</u> | <u>\$ 281,682</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FAIRVIEW LAKE SEWER LID FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Assessments | \$ 586,117 | \$ 586,117 | \$ 176,427 | \$ (409,690) |
| Interest on investments | 8,000 | 8,000 | 4,843 | (3,157) |
| TOTAL REVENUES | <u>594,117</u> | <u>594,117</u> | <u>181,270</u> | <u>(412,847)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administrative: | | | | |
| Materials and services | 79,500 | 79,500 | - | 79,500 |
| Debt service | <u>514,343</u> | <u>514,343</u> | <u>29,343</u> | <u>485,000</u> |
| TOTAL EXPENDITURES | <u>593,843</u> | <u>593,843</u> | <u>29,343</u> | <u>564,500</u> |
| NET CHANGE IN FUND BALANCE | 274 | 274 | 151,927 | 151,653 |
| FUND BALANCE, Beginning | <u>245,000</u> | <u>245,000</u> | <u>133,236</u> | <u>(111,764)</u> |
| FUND BALANCE, Ending | <u>\$ 245,274</u> | <u>\$ 245,274</u> | <u>\$ 285,163</u> | <u>\$ 39,889</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CITY HALL DEBT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ - | \$ - | \$ 11,706 | \$ 11,706 |
| TOTAL REVENUES | - | - | 11,706 | 11,706 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | - | - | 1,000 | (1,000) |
| Debt service | 1,830,213 | 1,830,213 | 205,185 | 1,625,028 |
| TOTAL EXPENDITURES | 1,830,213 | 1,830,213 | 206,185 | 1,624,028 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,830,213) | (1,830,213) | (194,479) | 1,635,734 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,775,213 | 1,775,213 | 1,775,213 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,775,213 | 1,775,213 | 1,775,213 | - |
| NET CHANGE IN FUND BALANCE | (55,000) | (55,000) | 1,580,734 | 1,635,734 |
| FUND BALANCE, Beginning | 55,000 | 55,000 | 12,332 | (42,668) |
| FUND BALANCE, Ending | \$ - | \$ - | \$ 1,593,066 | \$ 1,593,066 |

See auditor's report.

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

Proprietary Funds

Enterprise Funds

- All Water Funds
 - Water
 - Water Reimbursement
 - Water Improvement
 - Water Bonded Debt
- All Sewer Funds
 - Sewer
 - Sewer Reimbursement
 - Sewer Improvement
- All Stormwater Funds
 - Stormwater
 - Stormwater Improvement

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 1,020,100 | \$ 1,020,100 | \$ 1,099,500 | \$ 79,400 |
| Interest on investments | 15,000 | 15,000 | 10,683 | (4,317) |
| TOTAL REVENUES | <u>1,035,100</u> | <u>1,035,100</u> | <u>1,110,183</u> | <u>75,083</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 300,817 | 300,817 | 257,405 | 43,412 |
| Capital outlay | 410,000 | 410,000 | 22,527 | 387,473 |
| Contingency | 250,000 | 250,000 | - | 250,000 |
| TOTAL EXPENDITURES | <u>960,817</u> | <u>960,817</u> | <u>279,932</u> | <u>680,885</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>74,283</u> | <u>74,283</u> | <u>830,251</u> | <u>755,968</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of debt | 1,000,000 | 1,000,000 | - | (1,000,000) |
| Transfers out | (862,340) | (784,340) | (784,340) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>137,660</u> | <u>215,660</u> | <u>(784,340)</u> | <u>(1,000,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>211,943</u> | <u>289,943</u> | <u>45,911</u> | <u>(244,032)</u> |
| FUND BALANCE, Beginning | <u>346,700</u> | <u>346,700</u> | <u>562,352</u> | <u>215,652</u> |
| FUND BALANCE, Ending | <u>\$ 558,643</u> | <u>\$ 636,643</u> | <u>\$ 608,263</u> | <u>\$ (28,380)</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER REIMBURSEMENT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 55,427 | \$ 55,427 | \$ 16,607 | \$ (38,820) |
| Interest on investments | - | - | 2,829 | 2,829 |
| TOTAL REVENUES | <u>55,427</u> | <u>55,427</u> | <u>19,436</u> | <u>(35,991)</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>167,132</u> | <u>167,132</u> | - | 167,132 |
| TOTAL EXPENDITURES | <u>167,132</u> | <u>167,132</u> | - | 167,132 |
| NET CHANGE IN FUND BALANCE | (111,705) | (111,705) | 19,436 | 131,141 |
| FUND BALANCE, Beginning | <u>111,705</u> | <u>111,705</u> | <u>131,041</u> | <u>19,336</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 150,477</u> | <u>\$ 150,477</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 65,869 | \$ 65,869 | \$ 16,221 | \$ (49,648) |
| Interest on investments | 3,000 | 3,000 | 4,003 | 1,003 |
| TOTAL REVENUES | <u>68,869</u> | <u>68,869</u> | <u>20,224</u> | <u>(48,645)</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>264,734</u> | <u>264,734</u> | <u>27,023</u> | <u>237,711</u> |
| TOTAL EXPENDITURES | <u>264,734</u> | <u>264,734</u> | <u>27,023</u> | <u>237,711</u> |
| NET CHANGE IN FUND BALANCE | (195,865) | (195,865) | (6,799) | 189,066 |
| FUND BALANCE, Beginning | <u>195,865</u> | <u>195,865</u> | <u>195,988</u> | <u>123</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 189,189</u> | <u>\$ 189,189</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER BONDED DEBT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ - | \$ - | \$ 3,821 | \$ 3,821 |
| TOTAL REVENUES | - | - | 3,821 | 3,821 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 400 | 400 | 400 | - |
| Debt service | 267,640 | 267,640 | 132,640 | 135,000 |
| TOTAL EXPENDITURES | 268,040 | 268,040 | 133,040 | 135,000 |
| REVENUES OVER (UNDER) EXPENDITURES | (268,040) | (268,040) | (129,219) | 138,821 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 267,640 | 267,640 | 267,640 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 267,640 | 267,640 | 267,640 | - |
| NET CHANGE IN FUND BALANCE | (400) | (400) | 138,421 | 138,821 |
| FUND BALANCE, Beginning | 132,340 | 132,340 | 137,639 | 5,299 |
| FUND BALANCE, Ending | <u>\$ 131,940</u> | <u>\$ 131,940</u> | <u>\$ 276,060</u> | <u>\$ 144,120</u> |

See auditor's report.

**CITY OF FAIRVIEW, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WATER FUNDS
For the Fiscal Year Ended June 30, 2009**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

| | |
|---------------------|----------------|
| Water | \$ 608,263 |
| Water Reimbursement | 150,477 |
| Water Improvement | 189,189 |
| Water Bonded Debt | <u>276,060</u> |

1,223,989

Adjustments:

| | |
|-------------------------------------|------------------|
| Capital assets, net of depreciation | 10,775,005 |
| Bond discount and issuance costs | 33,232 |
| Accrued interest payable | (8,638) |
| Long-term debt | <u>(875,000)</u> |

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET ASSETS**

\$ 11,148,588

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 1,505,000 | \$ 1,505,000 | \$ 1,809,535 | \$ 304,535 |
| Interest on investments | 40,000 | 40,000 | 30,804 | (9,196) |
| TOTAL REVENUES | <u>1,545,000</u> | <u>1,545,000</u> | <u>1,840,339</u> | <u>295,339</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 937,688 | 937,688 | 847,924 | 89,764 |
| Capital outlay | 378,000 | 378,000 | 55,051 | 322,949 |
| Debt service | 234,962 | 234,962 | 232,984 | 1,978 |
| Contingency | 150,000 | 150,000 | - | 150,000 |
| TOTAL EXPENDITURES | <u>1,700,650</u> | <u>1,700,650</u> | <u>1,135,959</u> | <u>564,691</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(155,650)</u> | <u>(155,650)</u> | <u>704,380</u> | <u>860,030</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (617,692) | (411,884) | (411,884) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(617,692)</u> | <u>(411,884)</u> | <u>(411,884)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(773,342)</u> | <u>(567,534)</u> | <u>292,496</u> | <u>860,030</u> |
| FUND BALANCE, Beginning | <u>1,221,000</u> | <u>1,221,000</u> | <u>1,444,296</u> | <u>223,296</u> |
| FUND BALANCE, Ending | <u>\$ 447,658</u> | <u>\$ 653,466</u> | <u>\$ 1,736,792</u> | <u>\$ 1,083,326</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER REIMBURSEMENT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 25,409 | \$ 25,409 | \$ 2,408 | \$ (23,001) |
| Interest on investments | 5,000 | 5,000 | 2,512 | (2,488) |
| TOTAL REVENUES | <u>30,409</u> | <u>30,409</u> | <u>4,920</u> | <u>(25,489)</u> |
| EXPENDITURES | | | | |
| Contingency | <u>50,000</u> | <u>50,000</u> | <u>-</u> | <u>50,000</u> |
| TOTAL EXPENDITURES | <u>50,000</u> | <u>50,000</u> | <u>-</u> | <u>50,000</u> |
| NET CHANGE IN FUND BALANCE | (19,591) | (19,591) | 4,920 | 24,511 |
| FUND BALANCE, Beginning | <u>185,000</u> | <u>185,000</u> | <u>118,566</u> | <u>(66,434)</u> |
| FUND BALANCE, Ending | <u>\$ 165,409</u> | <u>\$ 165,409</u> | <u>\$ 123,486</u> | <u>\$ (41,923)</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 82,627 | \$ 82,627 | \$ 19,548 | \$ (63,079) |
| Interest on investments | 10,000 | 10,000 | 8,668 | (1,332) |
| TOTAL REVENUES | <u>92,627</u> | <u>92,627</u> | <u>28,216</u> | <u>(64,411)</u> |
| EXPENDITURES | | | | |
| Contingency | <u>100,000</u> | <u>100,000</u> | <u>-</u> | <u>100,000</u> |
| TOTAL EXPENDITURES | <u>100,000</u> | <u>100,000</u> | <u>-</u> | <u>100,000</u> |
| NET CHANGE IN FUND BALANCE | (7,373) | (7,373) | 28,216 | 35,589 |
| FUND BALANCE, Beginning | <u>400,000</u> | <u>400,000</u> | <u>407,684</u> | <u>7,684</u> |
| FUND BALANCE, Ending | <u>\$ 392,627</u> | <u>\$ 392,627</u> | <u>\$ 435,900</u> | <u>\$ 43,273</u> |

See auditor's report.

**CITY OF FAIRVIEW, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2009**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

| | |
|---------------------|----------------|
| Sewer | \$ 1,736,762 |
| Sewer Reimbursement | 123,486 |
| Sewer Improvement | <u>435,900</u> |
| | 2,296,148 |

Adjustments:

| | |
|-------------------------------------|--------------------|
| Capital assets, net of depreciation | 8,867,947 |
| Accrued interest payable | (23,553) |
| Long-term debt | <u>(2,250,224)</u> |

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET ASSETS**

\$ 8,890,318

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 403,000 | \$ 403,000 | \$ 478,768 | \$ 75,768 |
| Interest on investments | 8,000 | 8,000 | 6,282 | (1,718) |
| TOTAL REVENUES | <u>411,000</u> | <u>411,000</u> | <u>485,050</u> | <u>74,050</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 72,179 | 72,179 | 65,703 | 6,476 |
| Capital outlay | 132,000 | 132,000 | 56,029 | 75,971 |
| Contingency | 100,000 | 100,000 | - | 100,000 |
| TOTAL EXPENDITURES | <u>304,179</u> | <u>304,179</u> | <u>121,732</u> | <u>182,447</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>106,821</u> | <u>106,821</u> | <u>363,318</u> | <u>256,497</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (285,629) | (339,605) | (339,605) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(285,629)</u> | <u>(339,605)</u> | <u>(339,605)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(178,808)</u> | <u>(232,784)</u> | <u>23,713</u> | <u>256,497</u> |
| FUND BALANCE, Beginning | <u>269,000</u> | <u>269,000</u> | <u>317,002</u> | <u>48,002</u> |
| FUND BALANCE, Ending | <u>\$ 90,192</u> | <u>\$ 36,216</u> | <u>\$ 340,715</u> | <u>\$ 304,499</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| System development charges | \$ 112,456 | \$ 112,456 | \$ 32,574 | \$ (79,882) |
| Interest on investments | - | - | 9,987 | 9,987 |
| TOTAL REVENUES | <u>112,456</u> | <u>112,456</u> | <u>42,561</u> | <u>(69,895)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 100,000 | 100,000 | 68,741 | 31,259 |
| Contingency | <u>50,000</u> | <u>50,000</u> | - | <u>50,000</u> |
| TOTAL EXPENDITURES | <u>150,000</u> | <u>150,000</u> | <u>68,741</u> | <u>81,259</u> |
| NET CHANGE IN FUND BALANCE | (37,544) | (37,544) | (26,180) | 11,364 |
| FUND BALANCE, Beginning | <u>330,000</u> | <u>330,000</u> | <u>485,874</u> | <u>155,874</u> |
| FUND BALANCE, Ending | <u>\$ 292,456</u> | <u>\$ 292,456</u> | <u>\$ 459,694</u> | <u>\$ 167,238</u> |

See auditor's report.

**CITY OF FAIRVIEW, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL STORMWATER FUNDS
For the Fiscal Year Ended June 30, 2009**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

| | |
|------------------------|----------------|
| Stormwater | \$ 340,715 |
| Stormwater Improvement | <u>459,694</u> |
| | 800,409 |

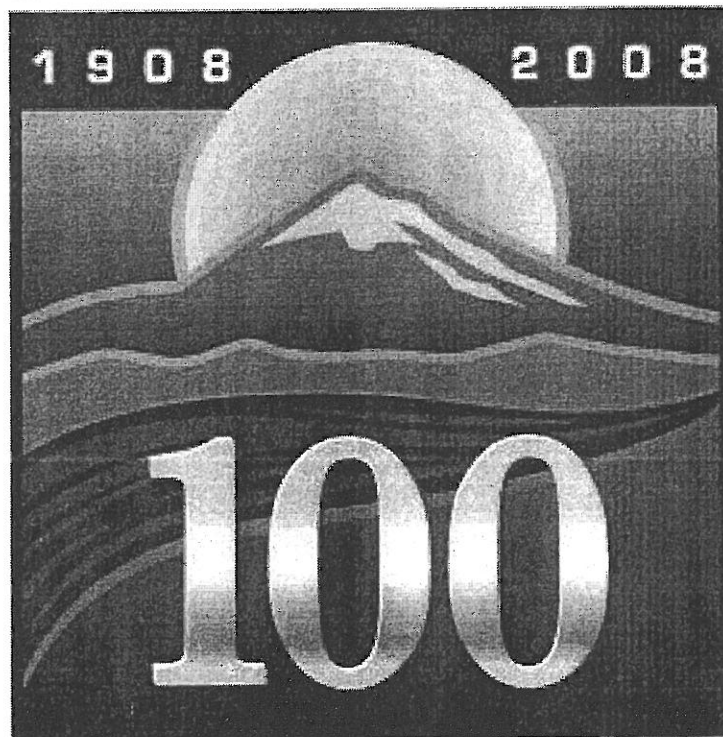
Adjustments:

| | |
|-------------------------------------|------------------|
| Capital assets, net of depreciation | <u>4,339,362</u> |
|-------------------------------------|------------------|

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET ASSETS**

\$ 5,139,771

FAIRVIEW



CENTENNIAL YEAR

OTHER FINANCIAL SCHEDULES

CITY OF FAIRVIEW, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the Fiscal Year Ended June 30, 2009

| | | | | Principal | | | | |
|---|----------------|---------------|-----------------|--------------------------|--------|------------------|---------------------------|---------------------------|
| | Interest Rates | Date of Issue | Original Amount | Outstanding July 1, 2008 | Issued | Matured and Paid | Outstanding June 30, 2009 | Interest Matured and Paid |
| <u>Governmental Funds</u> | | | | | | | | |
| 1999 Full faith and credit bonds | 4.0-4.75% | 4/1/1999 | \$ 2,650,000 | \$ 1,750,000 | \$ - | \$ 125,000 | \$ 1,625,000 | \$ 80,185 |
| 2000 Special assessment debt with governmental commitment | 6.05% | 6/27/2000 | \$ 2,848,000 | 485,000 | - | - | 485,000 | 29,342 |
| | | | | 2,235,000 | - | 125,000 | 2,110,000 | 109,527 |
| <u>Enterprise Funds</u> | | | | | | | | |
| 2001 Note payable | 4.19% | 11/21/2000 | \$ 3,137,353 | 2,384,286 | - | 134,062 | 2,250,224 | 98,952 |
| 2004 Water revenue refunding bonds | 2.0-4.3% | 7/20/2004 | \$ 1,340,000 | 970,000 | - | 95,000 | 875,000 | 37,640 |
| | | | | 3,354,286 | - | 229,062 | 3,125,224 | 136,592 |
| Total | | | | \$ 5,589,286 | \$ - | \$ 354,062 | \$ 5,235,224 | \$ 246,119 |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF GOVERNMENTAL ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2009

| Year of Maturity | 1999 Full Faith and Credit Bonds | | 2000 Special Assessment Debt with Governmental Commitment | | Totals | |
|---------------------|--|------------------|---|-------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009-10 | \$ 1,625,000 | \$ 10,810 | \$ - | \$ 29,343 | \$ 1,625,000 | \$ 40,153 |
| 2010-11 | - | - | - | 29,343 | - | 29,343 |
| 2011-12 | - | - | - | 29,343 | - | 29,343 |
| 2012-13 | - | - | - | 29,343 | - | 29,343 |
| 2013-14 | - | - | - | 29,343 | - | 29,343 |
| 2014-15 | - | - | 485,000 | 29,342 | 485,000 | 29,342 |
| | <u>\$ 1,625,000</u> | <u>\$ 10,810</u> | <u>\$ 485,000</u> | <u>\$ 176,057</u> | <u>\$ 2,110,000</u> | <u>\$ 186,867</u> |

See auditor's report.

CITY OF FAIRVIEW, OREGON
SCHEDULE OF BUSINESS-TYPE ACTIVITIES
DEBT SERVICE FUTURE REQUIREMENTS
June 30, 2009

| Year of Maturity | 2001 Note Payable | | 2004 Water Revenue Refunding Bonds | | Totals | |
|---------------------|----------------------|-------------------|---------------------------------------|-------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009-10 | \$ 140,155 | \$ 92,759 | \$ 100,000 | \$ 34,553 | \$ 240,155 | \$ 127,312 |
| 2010-11 | 146,089 | 86,825 | 100,000 | 31,053 | 246,089 | 117,878 |
| 2011-12 | 152,274 | 80,639 | 105,000 | 27,302 | 257,274 | 107,941 |
| 2012-13 | 158,721 | 74,192 | 110,000 | 23,365 | 268,721 | 97,557 |
| 2013-14 | 165,442 | 67,472 | 115,000 | 19,075 | 280,442 | 86,547 |
| 2014-15 | 172,446 | 60,468 | 120,000 | 14,475 | 292,446 | 74,943 |
| 2015-16 | 179,747 | 53,166 | 120,000 | 9,555 | 299,747 | 62,721 |
| 2016-17 | 187,358 | 45,556 | 105,000 | 4,515 | 292,358 | 50,071 |
| 2017-18 | 195,290 | 37,624 | - | - | 195,290 | 37,624 |
| 2018-19 | 203,559 | 29,355 | - | - | 203,559 | 29,355 |
| 2019-20 | 212,177 | 20,737 | - | - | 212,177 | 20,737 |
| 2020-21 | 221,160 | 11,753 | - | - | 221,160 | 11,753 |
| 2021-22 | 115,806 | 2,390 | - | - | 115,806 | 2,390 |
| | <u>\$ 2,250,224</u> | <u>\$ 662,936</u> | <u>\$ 875,000</u> | <u>\$ 163,893</u> | <u>\$ 3,125,224</u> | <u>\$ 826,829</u> |

See auditor's report.

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed statistical data as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the city.

Included in the statistical section is information on:

Financial Trends - Schedules are included that contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

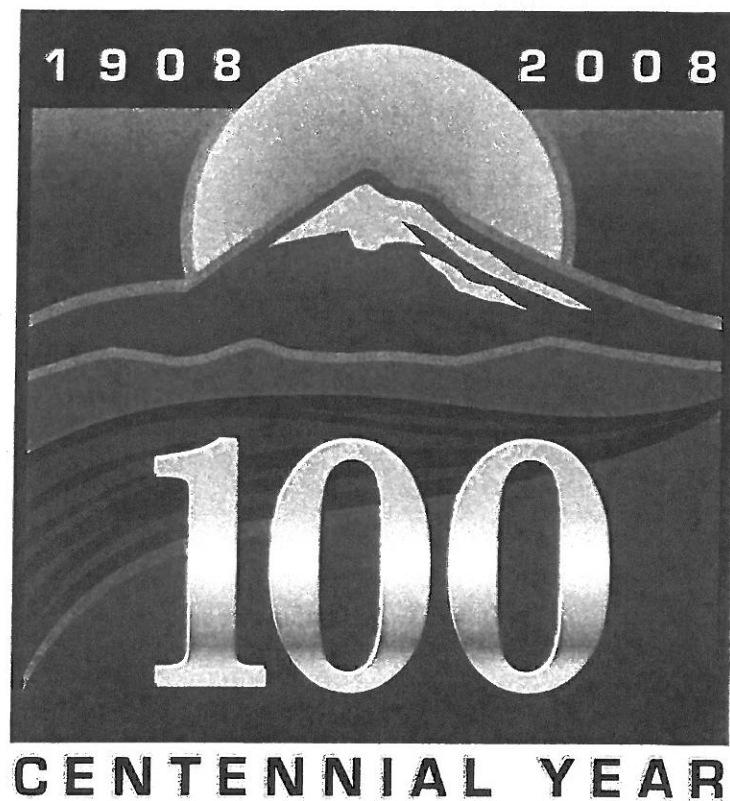
Revenue Capacity - Schedules are included that contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity - Schedules are included that present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information - Schedules are included to offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place.

Operating Information - Schedules are included that contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

FAIRVIEW



CITY OF FAIRVIEW, OREGON
NET ASSETS BY COMPONENT
Last Six Fiscal Years ¹
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Governmental activities | | | | | | |
| Invested in capital assets, net of related debt | 3,624,723 | 5,271,474 | 6,849,621 | 6,901,153 | 7,166,926 | 7,173,599 |
| Restricted | 1,001,111 | 832,630 | 515,286 | 865,470 | 738,296 | 2,351,415 |
| Unrestricted | 2,498,694 | 3,324,443 | 4,260,408 | 5,543,652 | 6,788,176 | 4,889,310 |
| Total governmental activities net assets | <u>7,124,528</u> | <u>9,428,547</u> | <u>11,625,315</u> | <u>13,310,275</u> | <u>14,693,398</u> | <u>14,414,324</u> |
| Business - type activities | | | | | | |
| Invested in capital assets, net of related debt | 18,252,849 | 21,460,056 | 21,793,187 | 22,011,589 | 21,253,464 | 20,857,090 |
| Restricted | 1,196,111 | 1,027,194 | 1,334,724 | 1,343,933 | 1,476,792 | 1,634,806 |
| Unrestricted | 2,998,577 | 2,611,678 | 2,330,957 | 2,291,315 | 2,326,665 | 2,686,781 |
| Total business - type activities net assets | <u>22,447,537</u> | <u>25,098,928</u> | <u>25,458,868</u> | <u>25,646,837</u> | <u>25,056,921</u> | <u>25,178,677</u> |
| Primary government | | | | | | |
| Invested in capital assets, net of related debt | 21,877,572 | 26,731,530 | 28,642,808 | 28,912,742 | 28,420,390 | 28,030,689 |
| Restricted | 2,197,222 | 1,859,824 | 1,850,010 | 2,209,403 | 2,215,088 | 3,986,221 |
| Unrestricted | 5,497,271 | 5,936,121 | 6,591,365 | 7,834,967 | 9,114,841 | 7,576,091 |
| Total primary government net assets | <u>29,572,065</u> | <u>34,527,475</u> | <u>37,084,183</u> | <u>38,957,112</u> | <u>39,750,319</u> | <u>39,593,001</u> |

¹ Information derived from current and prior years' Annual Financial Reports, subsequent to the implementation of GASB Statement No. 34.

CITY OF FAIRVIEW, OREGON
CHANGES IN NET ASSETS
Last Six Fiscal Years ¹
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|--------------------|--------------------|------------------|---------------------|--------------------|--------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General government | 935,890 | 675,652 | 606,174 | 588,204 | 605,847 | 873,688 |
| Public safety | 1,630,607 | 1,743,908 | 1,838,511 | 2,091,625 | 2,297,416 | 2,514,166 |
| Community Development / Parks | 1,201,466 | 1,024,704 | 778,912 | 563,475 | 525,588 | 594,797 |
| Streets / Public Works ² | 499,924 | 171,014 | 851,892 | 444,568 | - | - |
| Streets | - | - | - | - | 487,720 | 457,400 |
| Public Works | - | - | - | - | 371,702 | 559,737 |
| Interest on long-term obligations | 166,436 | 304,941 | 63,974 | 156,507 | 91,903 | 109,079 |
| Total governmental activities expenses | <u>4,434,323</u> | <u>3,920,219</u> | <u>4,139,463</u> | <u>3,844,379</u> | <u>4,380,176</u> | <u>5,108,867</u> |
| Business - type activities: | | | | | | |
| Water | 916,722 | 890,082 | 1,232,822 | 1,087,809 | 1,064,294 | 999,614 |
| Sewer | 1,569,207 | 1,458,121 | 1,785,154 | 2,352,087 | 1,905,419 | 1,663,595 |
| Stormwater | 516,802 | 540,177 | 594,011 | 566,172 | 748,052 | 640,600 |
| Total business - type activities expenses | <u>3,002,731</u> | <u>2,888,380</u> | <u>3,611,987</u> | <u>4,006,068</u> | <u>3,717,765</u> | <u>3,303,809</u> |
| Total government expenses | <u>7,437,054</u> | <u>6,808,599</u> | <u>7,751,450</u> | <u>7,850,447</u> | <u>8,097,941</u> | <u>8,412,676</u> |
| Program Revenues | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services: | | | | | | |
| General government | 305,782 | 203,299 | 242,773 | 19,049 ³ | 29,587 | 26,477 |
| Public safety | 217,077 | 222,060 | 274,396 | 297,660 | 330,048 | 278,673 |
| Community Development / Parks | 913,290 | 361,472 | 529,541 | 833,140 | 304,190 | 236,685 |
| Streets / Public Works ² | 413,649 | 431,601 | 465,352 | 448,793 | - | - |
| Streets | - | - | - | - | 13,950 | 985 |
| Public Works | - | - | - | - | - | - |
| Operating grants and contributions | 11,120 | 9,071 | 153,539 | 164,910 | 482,497 | 443,780 |
| Capital grants and contributions | 111,845 | 207,163 | 1,364,107 | 137,835 | 113,608 | 282,661 |
| Total governmental activities program revenues | <u>1,972,763</u> | <u>1,434,666</u> | <u>3,029,708</u> | <u>1,901,387</u> | <u>1,273,880</u> | <u>1,269,261</u> |
| Business - type activities: | | | | | | |
| Charges for services: | | | | | | |
| Water | 903,500 | 845,931 | 916,824 | 993,217 | 1,006,170 | 1,099,500 |
| Sewer | 1,188,165 | 1,207,888 | 1,311,206 | 1,478,554 | 1,611,398 | 1,809,535 |
| Stormwater | 332,164 | 350,948 | 378,622 | 401,113 | 416,919 | 478,768 |
| Operating grants and contributions | - | - | - | - | - | - |
| Capital grants and contributions | 628,219 | 361,451 | 1,222,941 | 1,089,813 | 59,546 | 87,358 |
| Total business - type activities program revenues | <u>3,052,048</u> | <u>2,766,218</u> | <u>3,829,593</u> | <u>3,962,697</u> | <u>3,094,033</u> | <u>3,475,161</u> |
| Total government program revenues | <u>5,024,811</u> | <u>4,200,884</u> | <u>6,859,301</u> | <u>5,864,084</u> | <u>4,367,913</u> | <u>4,744,422</u> |
| Net (expense) / revenue | | | | | | |
| Governmental activities | (2,461,560) | (2,485,553) | (1,109,755) | (1,942,992) | (3,106,296) | (3,839,606) |
| Business - type activities | 49,317 | (122,162) | 217,606 | (43,371) | (623,732) | 171,352 |
| Total net expenses | <u>(2,412,243)</u> | <u>(2,607,715)</u> | <u>(892,149)</u> | <u>(1,986,363)</u> | <u>(3,730,028)</u> | <u>(3,668,254)</u> |

(continued)

| | Fiscal Year | | | | | |
|---|------------------|------------------|------------------|-------------------------------|------------------|------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| (continued) | | | | | | |
| General Revenues and Other Changes in Net Assets | | | | | | |
| Governmental activities: | | | | | | |
| Taxes | | | | | | |
| Property taxes, levied for general purposes | 1,288,411 | 1,391,811 | 1,509,103 | 1,601,333 | 1,769,984 | 1,879,580 |
| Special assessments, levied for debt service | 415,383 | 807,585 | 427,355 | 394,131 | - | - |
| Other Taxes | - | - | - | 262,165 | - | - |
| Franchise and public service taxes | 868,324 | 1,283,753 | 1,187,884 | 622,693 | 1,441,293 | 1,332,579 |
| Transfer of assets ⁴ | - | 407,565 | - | - | - | - |
| Miscellaneous ⁵ | - | - | - | - | 79,714 | 66,948 |
| Intergovernmental Revenue | - | - | - | 856,469 | - | - |
| Interest and investment earnings | 45,098 | 92,689 | 182,181 | 285,292 | 287,472 | 140,770 |
| Gain (loss) on sale of property | - | - | - | - | 22,000 | 11,470 |
| Transfers ⁶ | - | - | - | - | 136,497 | 129,185 |
| Total governmental activities | <u>2,617,216</u> | <u>3,983,403</u> | <u>3,306,523</u> | <u>4,022,083</u> | <u>3,736,960</u> | <u>3,560,532</u> |
| Business - type activities: | | | | | | |
| Taxes | | | | | | |
| Property taxes | - | - | - | - | - | - |
| Sale of Land | - | - | - | 51,100 | - | - |
| Interest and investment earnings | 64,071 | 82,203 | 142,334 | 180,240 | 170,314 | 79,589 |
| Transfers ⁶ | - | - | - | - | (136,497) | (129,185) |
| Total business - type activities | <u>64,071</u> | <u>82,203</u> | <u>142,334</u> | <u>231,340</u> | <u>33,817</u> | <u>(49,596)</u> |
| Total government expenses | <u>2,681,287</u> | <u>4,065,606</u> | <u>3,448,857</u> | <u>4,253,423</u> | <u>3,770,777</u> | <u>3,510,936</u> |
| Change in Net Assets | | | | | | |
| Governmental activities | 155,656 | 1,497,850 | 2,196,768 | 2,079,091 | 630,664 | (279,074) |
| Business - type activities | 113,388 | (39,959) | 359,940 | 187,969 | (589,915) | 121,756 |
| Total government | <u>269,044</u> | <u>1,457,891</u> | <u>2,556,708</u> | <u>2,267,060</u> ⁷ | <u>40,749</u> | <u>(157,318)</u> |

Notes:

¹ Information presented for years ended subsequent to the implementation of GASB Statement No. 34.

² Prior to fiscal year ended 6/30/08, public works and street expenses were reported jointly.

³ General Government charges for service appears low, as Administrative Excise Charge Fund transfers were reported as a portion of this figure in previous years. These transfers were treated as charges for service in previous years, but are actually transfers to fund future expenditures.

⁴ Multnomah County Drainage District transfer of Fairview Lake water rights permits and weir control structure.

⁵ Miscellaneous items may include (but are not limited to) special assessments levied for debt service and other taxes.

⁶ Prior to fiscal year ended 6/30/08, transfers were not reported as an individual line item.

⁷ 2007 information revised due to formula error.

CITY OF FAIRVIEW, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Six Fiscal Years ¹
(modified accrual basis of accounting)

| | Fiscal Year | | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General fund | | | | | | |
| Unreserved | 1,641,286 | 2,106,918 | 2,992,551 | 4,049,043 | 4,782,622 | 3,688,440 |
| Total general fund | <u>1,641,286</u> | <u>2,106,918</u> | <u>2,992,551</u> | <u>4,049,043</u> | <u>4,782,622</u> | <u>3,688,440</u> |
| All other governmental funds | | | | | | |
| Reserved | 1,001,111 | 887,474 | 515,286 | 865,470 | 462,194 | 2,069,733 |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 980,834 | 1,287,701 | 1,386,587 | 1,617,391 | 1,562,987 | 889,740 |
| Total all other governmental funds | <u>1,981,945</u> | <u>2,175,175</u> | <u>1,901,873</u> | <u>2,482,861</u> | <u>2,025,181</u> | <u>2,959,473</u> |

¹ Information presented for years ended subsequent to the implementation of GASB Statement No. 34.

CITY OF FAIRVIEW, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Six Fiscal Years ¹
(modified accrual basis of accounting)

| | Fiscal Year | | | | | |
|--|--------------------|--------------------|--------------------|------------------------|-------------------------|------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues: | | | | | | |
| Property taxes | 1,288,411 | 1,391,811 | 1,509,103 | 1,601,333 | 1,748,663 | 1,856,566 |
| Governmental agencies | 869,430 | 929,612 | 1,190,481 | 1,155,154 | 687,903 | 652,263 |
| Grants ² | 111,845 | 206,154 | 254,844 | 164,737 | - | - |
| Licenses, permits, and fees | 1,147,476 | 467,131 | 721,010 | 833,140 | 882,805 | 674,328 |
| Fines and forfeitures | 140,967 | 141,810 | 196,690 | 261,140 | 261,091 | 211,839 |
| Franchise fees | 432,439 | 452,564 | 523,931 | 622,693 | 690,213 | 688,034 |
| Special assessments | 415,383 | 807,585 | 427,355 | 394,131 | 96,756 | 176,427 |
| Interest income | 45,098 | 92,689 | 182,181 | 285,292 | 287,472 | 140,770 |
| Charges for services ³ | - | - | - | - | 117,025 | 133,988 |
| Rental income ⁴ | - | - | - | - | 16,927 | 18,727 |
| Miscellaneous | 83,228 | 147,824 | 112,417 | 84,884 | 79,715 | 66,948 |
| Total Revenues | 4,534,277 | 4,637,180 | 5,118,012 | 5,402,504 | 4,868,570 | 4,619,890 |
| Expenditures | | | | | | |
| General Government / Administration | 998,216 | 953,744 | 988,465 | 508,955 | 513,956 | 790,589 |
| Community Development | 743,867 | 540,171 | 628,406 | 514,476 | 452,940 | 563,086 |
| Public Safety | 1,550,914 | 1,663,340 | 1,836,169 | 2,032,972 | 2,252,808 | 2,468,099 |
| Public Works | 878,814 | 903,709 | 883,052 | 72,889 | 32,968 | 211,135 |
| Streets | 36,810 | 47,007 | 53,390 | 42,230 | 338,896 | 301,315 |
| Parks | - | - | - | - | - | - |
| Debt service | | | | | | |
| Principal | 627,294 | 2,074,445 | 931,000 | 110,000 | 540,000 | 125,000 |
| Interest | 347,334 | 295,831 | 222,894 | 151,214 | 127,262 | 109,528 |
| Capital outlay | 365,268 | 333,560 | 653,063 | 561,968 | 401,343 | 361,980 |
| Total Expenditures | 5,548,517 | 6,811,807 | 6,196,438 | 3,994,704 | 4,660,173 | 4,930,732 |
| Excess of revenues over (under) expenditures | (1,014,240) | (2,174,627) | (1,078,426) | 1,407,800 | 208,397 | (310,842) |
| Other financing sources (uses) | | | | | | |
| Proceeds from bond sale | - | 1,339,337 | - | - | - | - |
| Proceeds from sale of property | - | - | - | - | 22,000 | 14,455 |
| Transfers in | 1,972,682 | 1,897,164 | 2,213,631 | 754,605 | 318,355 | 2,100,493 |
| Transfers out | (537,839) | (403,013) | (522,872) | (524,925) | (181,858) | (1,963,996) |
| Total other financing sources (uses) | 1,434,843 | 2,833,488 | 1,690,759 | 229,680 | 158,497 | 150,952 |
| Net change in fund balances | 420,603 | 658,861 | 612,333 | 1,637,480 | 366,894 | (159,890) |
| Debt service as a percentage of non-capital ⁵ expenditures | 19% | 37% | 21% | 7% ⁶ | 15% ⁶ | 5% |

¹ Information presented for years ended subsequent to the implementation of GASB Statement No. 34.

² Beginning in 2008, grants are included with governmental agencies.

³ Prior to 2008, charges for services were included with licenses, permits, & fees.

⁴ Prior to 2008, rental income was included with miscellaneous.

⁵ Calculation = (debt service principal + interest) / (total expenditures - capital asset additions)

⁶ 2007 and 2008 percentages were revised to reflect the calculation in note 5 above

CITY OF
FAIRVIEW, OREGON
Program Revenues by Function/Program
Last Six Fiscal Years
(accrual basis of accounting)

| Function/Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | |
| General government | \$ 75,288 | \$ 79,063 | \$ 30,222 | \$ 287,357 | \$ 209,179 | \$ 316,902 |
| Public safety | 348,396 | 367,614 | 451,397 | 422,239 | 223,151 | 217,077 |
| Community development/Parks | 410,535 | 304,190 | 844,140 | 636,541 | 568,635 | 1,025,135 |
| Streets | 435,042 | 486,957 | - | - | 433,701 | 413,649 |
| Streets/Public Works | - | - | 575,628 | 1,683,571 | - | - |
| Public Works | - | - | - | - | - | - |
| Total governmental activities | <u>1,269,261</u> | <u>1,237,824</u> | <u>1,901,387</u> | <u>3,029,708</u> | <u>1,434,666</u> | <u>1,972,763</u> |
| Business-type activities | | | | | | |
| Water | 1,132,328 | 1,019,090 | 1,219,418 | 1,245,126 | 1,019,697 | 1,074,532 |
| Sewer | 1,831,491 | 1,654,898 | 2,027,405 | 1,808,673 | 1,321,430 | 1,588,872 |
| Stormwater | <u>511,342</u> | <u>420,045</u> | <u>715,874</u> | <u>775,794</u> | <u>425,091</u> | <u>388,644</u> |
| Total business-type activities | <u>3,475,161</u> | <u>3,094,033</u> | <u>3,962,697</u> | <u>3,829,593</u> | <u>2,766,218</u> | <u>3,052,048</u> |
| Total Primary government | <u>\$ 4,744,422</u> | <u>\$ 4,331,857</u> | <u>\$ 5,864,084</u> | <u>\$ 6,859,301</u> | <u>\$ 4,200,884</u> | <u>\$ 5,024,811</u> |

CITY OF FAIRVIEW, OREGON
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | Total Taxes | Property Taxes ¹ | Payment in | | Hotel / Motel Tax ³ | Other Taxes ⁴ |
|-------------|--------------|-----------------------------|--------------------------|--|--------------------------------|--------------------------|
| | | | Lieu of Tax ² | | | |
| 2000 | 1,221,837.19 | 831,547.21 | 15,000.00 | | 28,925.99 | 346,363.99 |
| 2001 | 1,401,323.00 | 946,728.73 | 25,000.00 | | 35,960.00 | 393,634.27 |
| 2002 | 1,581,807.33 | 1,058,397.65 | 25,000.00 | | 40,898.53 | 457,511.15 |
| 2003 | 1,697,279.55 | 1,180,048.64 | 15,000.00 | | 42,364.09 | 459,866.82 |
| 2004 | 1,894,142.31 | 1,273,411.13 | 15,000.00 | | 51,257.33 | 554,473.85 |
| 2005 | 2,012,074.72 | 1,376,811.41 | 15,000.00 | | 39,832.92 | 580,430.39 |
| 2006 | 2,156,943.76 | 1,494,102.65 | 15,000.00 | | 39,288.89 | 608,552.22 |
| 2007 | 2,250,919.25 | 1,586,332.25 | 15,000.00 | | 39,037.18 | 610,549.82 |
| 2008 | 2,397,922.39 | 1,723,663.10 | 25,000.00 | | 43,157.22 | 606,102.07 |
| 2009 | 2,452,819.53 | 1,831,565.66 | 25,000.00 | | 38,362.38 | 557,891.49 |

Source:

City of Fairview current and prior year budget actuals

Note:

¹ Current tax authority plus 3% and estimated new construction, minus 6% uncollectible.

The tax rate is \$3.4902 per thousand of taxable assessed value.

² Payment in lieu of tax (PILOT) made by Fairview Oaks / Woods Apartments

³ 6% tax on transient occupancy (includes Portland - Fairview RV Park)

⁴ "Other Taxes" consist of: cigarette tax, liquor tax, 911 tax, and state gas tax

Beginning in 2009, the "Business Income Tax" column has been removed.

As a result, the amounts reported in the "Total Taxes" column will vary from prior years.

CITY OF FAIRVIEW, OREGON
 ASSESSED VALUE AND ESTIMATED REAL MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

| Fiscal Year Ended | Assessed Value | | | | | Total Direct Tax Rate | Total Real Market Value |
|----------------------|------------------|----------------------|----------------------------|----------------------------|-------------|-----------------------------|----------------------------|
| | Real Property | Personal Property | Manufactured Structures | Public Utility Property | Total | | |
| 2000 | 210,588,870 | 7,120,623 | 11,941,700 | 11,723,278 | 241,374,471 | 3.4902 | 317,348,711 |
| 2001 | 237,555,390 | 8,198,512 | 14,945,420 | 13,224,366 | 273,923,688 | 3.4902 | 369,607,900 |
| 2002 | 281,172,910 | 9,132,257 | 14,973,010 | 6,928,007 | 312,206,184 | 3.4902 | 419,243,097 |
| 2003 | 310,274,630 | 10,190,459 | 10,418,910 | 16,105,640 | 346,989,639 | 3.4902 | 462,187,845 |
| 2004 | 336,554,140 | 12,403,229 | 9,553,040 | 16,853,710 | 375,364,119 | 3.4902 | 513,812,415 |
| 2005 | 366,385,790 | 11,927,461 | 10,374,410 | 16,699,001 | 405,386,662 | 3.4902 | 557,215,556 |
| 2006 | 401,967,290 | 12,421,340 | 10,332,310 | 16,638,000 | 441,358,940 | 3.4902 | 638,609,211 |
| 2007 | 427,970,080 | 12,124,357 | 9,919,780 | 15,948,400 | 465,962,617 | 3.4902 | 718,918,532 |
| 2008 | 461,622,750 | 14,096,850 | 9,230,440 | 17,268,400 | 502,218,440 | 3.4902 | 833,793,892 |
| 2009 | 505,142,360 | 13,375,204 | 8,497,460 | 17,844,430 | 544,859,454 | 3.4902 | 902,247,800 |

Source:
 Multnomah County Tax Supervising & Conservation Commission

CITY OF FAIRVIEW, OREGON
PROPERTY TAX RATES - DIRECT & OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

| Fiscal Year | City of Fairview Tax Rates | | | Overlapping Rates | | | | | | | | | |
|-------------|----------------------------|--------------|------------|-------------------|------------------|------------------------|---------|-------------------------|----------------------|--------------------------|-------------------|---------------|----------------------------------|
| | | | | Regional & County | | | | School District | | | | | |
| | Permanent Rate | Debt Service | Total City | Multnomah County | Port of Portland | Metro Service District | Tri-Met | Total Regional & County | Multnomah County ESD | Reynolds School District | Community College | Total Schools | Total Direct & Overlapping Rates |
| 2000 | 3.49 | - | 3.49 | 5.25 | 0.08 | 0.33 | 0.14 | 5.80 | 0.46 | 5.34 | 0.52 | 6.32 | 15.61 |
| 2001 | 3.49 | - | 3.49 | 5.31 | 0.07 | 0.34 | 0.13 | 5.85 | 0.46 | 5.29 | 0.52 | 6.26 | 15.61 |
| 2002 | 3.49 | - | 3.49 | 5.21 | 0.07 | 0.32 | 0.14 | 5.74 | 0.46 | 6.32 | 0.51 | 7.29 | 16.52 |
| 2003 | 3.49 | - | 3.49 | 5.17 | 0.07 | 0.28 | 0.12 | 5.65 | 0.46 | 6.02 | 0.52 | 7.00 | 16.14 |
| 2004 | 3.49 | - | 3.49 | 5.27 | 0.07 | 0.29 | 0.11 | 5.74 | 0.46 | 6.03 | 0.51 | 7.00 | 16.23 |
| 2005 | 3.49 | - | 3.49 | 5.28 | 0.07 | 0.28 | 0.11 | 5.74 | 0.46 | 6.04 | 0.50 | 7.00 | 16.23 |
| 2006 | 3.49 | - | 3.49 | 5.31 | 0.07 | 0.28 | 0.12 | 5.78 | 0.46 | 6.02 | 0.49 | 6.96 | 16.23 |
| 2007 | 3.49 | - | 3.49 | 5.29 | 0.07 | 0.28 | 0.10 | 5.74 | 0.46 | 5.95 | 0.49 | 6.90 | 16.13 |
| 2008 | 3.49 | - | 3.49 | 5.42 | 0.07 | 0.43 | 0.09 | 6.01 | 0.46 | 5.83 | 0.49 | 6.78 | 16.28 |
| 2009 | 3.49 | - | 3.49 | 5.39 | 0.07 | 0.40 | 0.08 | 5.94 | 0.46 | 5.81 | 0.49 | 6.76 | 16.19 |

Source:
Multnomah County Division of Assessment & Taxation

Notes:
All rates are listed per thousand dollars of taxable assessed value

"Overlapping Rates" are tax rates of various public organizations whose geographic area overlaps City of Fairview boundaries. As a result, certain property owners in Fairview will be assessed additional tax if the property in question is both within the Fairview city limits and in another tax jurisdiction.

CITY OF FAIRVIEW, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year | Collected within fiscal year of levy | | | Collections to date | |
|------------------------------|-----------------------------------|--------------------------------------|-----------------------|------------------------------------|---------------------|-----------------------|
| | | Collections ¹ | Percentage of Levy | Collections in Subsequent Years | Amount | Percentage of Levy |
| 2000 | 858,003 | 828,520 | 96.56% | 29,405 | 857,925 | 99.99% |
| 2001 | 983,708 | 947,821 | 96.35% | 35,768 | 983,589 | 99.99% |
| 2002 | 1,094,630 | 1,055,858 | 96.46% | 38,566 | 1,094,424 | 99.98% |
| 2003 | 1,214,485 | 1,172,791 | 96.57% | 41,443 | 1,214,234 | 99.98% |
| 2004 | 1,309,760 | 1,269,432 | 96.92% | 39,847 | 1,309,279 | 99.96% |
| 2005 | 1,430,611 | 1,389,206 | 97.11% | 40,697 | 1,429,903 | 99.95% |
| 2006 | 1,541,500 | 1,498,334 | 97.20% | 39,365 | 1,537,699 | 99.75% |
| 2007 | 1,626,746 | 1,582,657 | 97.29% | 34,773 | 1,617,430 | 99.43% |
| 2008 | 1,792,463 | 1,730,069 | 96.52% | 38,523 | 1,768,592 | 98.67% |
| 2009 | 1,914,648 | 1,834,677 | 95.82% | - | 1,834,677 | 95.82% |

Sources:

City of Fairview Annual Financial Reports
Multnomah County Division of Assessment and Taxation

Note:

¹ Collections include: normal collections, adjustments, discounts, and interest

CITY OF FAIRVIEW, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

| | 2009 ¹ | | | 2000 ² | | |
|--------------------------------------|--------------------|------|---|--------------------|------|---|
| | Assessed Value | Rank | Percentage of Total Fairview Assessed Value | Assessed Value | Rank | Percentage of Total Fairview Assessed Value |
| Taxpayer | | | | | | |
| Townsend Farms Inc. | 27,155,500 | 1 | 4.98% | 2,835,110 | 10 | 1.17% |
| CPF/BDI Townsend LLC | 22,591,070 | 2 | 4.15% | | - | |
| NACCO Materials Handling | 15,183,640 | 3 | 2.79% | 9,736,530 | 1 | 4.03% |
| Salish Lake LLC | 10,835,440 | 4 | 1.99% | | - | |
| Portland General Electric Co. | 9,976,000 | 5 | 1.83% | 6,854,600 | 2 | 2.84% |
| Portland Fairview RV LLC | 8,298,360 | 6 | 1.52% | | - | |
| IAC 22638 Townsend Way LLC | 8,283,670 | 7 | 1.52% | | - | |
| Fieldstone Luxury Apartments LLC | 7,821,660 | 8 | 1.44% | | - | |
| Sunridge Associates LLC | 6,457,530 | 9 | 1.19% | | - | |
| Beeko LLC | 6,353,500 | 10 | 1.17% | | - | |
| James River II Inc. | | - | | 6,369,140 | 3 | 2.64% |
| Howard Angell | | - | | 5,814,790 | 4 | 2.41% |
| DAV II Invest. | | - | | 5,765,410 | 5 | 2.39% |
| King's Garden LTD Partnership | | - | | 4,658,600 | 6 | 1.93% |
| Fairview Corp. | | - | | 4,267,570 | 7 | 1.77% |
| Don M. & Jeanette M. Kitterman | | - | | 3,098,350 | 8 | 1.28% |
| McDonald Brothers Inc. | | - | | 2,944,470 | 9 | 1.22% |
| Total | 122,956,370 | | 22.57% | 52,344,570 | | 21.69% |
| Total Fairview Assessed Value | 544,859,454 | | | 241,374,471 | | |

Source:
Multnomah County Division of Assessment and Taxation

Notes:

¹ Fiscal year 2008 / 2009

² Fiscal year 1999 / 2000

CITY OF FAIRVIEW, OREGON
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

| Fiscal Year | Governmental | | | Business-Type Activities | | | |
|-------------|--|-----------------------------|---------------------------------|---------------------------------------|---------------------|----------------------------------|---------------------------------|
| | Full Faith and Credit Obligations ¹ | Line of Credit ² | Special Assessment ³ | General Obligation Bonds ⁴ | Water Revenue Bonds | Sewer Notes Payable ⁵ | Special Assessment ⁶ |
| 2000 | 2,565,000 | - | 2,848,000 | - | 1,495,000 | - | 83,094 |
| 2001 | 2,475,000 | - | 2,810,000 | - | 1,460,000 | - | 66,254 |
| 2002 | 2,385,000 | - | 2,731,000 | - | 1,410,000 | 3,082,482 | 48,562 |
| 2003 | 2,290,000 | - | 2,648,000 | - | 1,360,000 | 2,977,637 | 29,974 |
| 2004 | 2,190,000 | - | 2,195,000 | - | 1,305,000 | 2,868,354 | - |
| 2005 | 2,085,000 | - | 1,641,000 | - | 1,240,000 | 2,754,443 | - |
| 2006 | 1,975,000 | - | 910,000 | - | 1,150,000 | 2,635,710 | - |
| 2007 | 1,865,000 | - | 910,000 | - | 1,060,000 | 2,511,949 | - |
| 2008 | 1,750,000 | - | 485,000 | - | 970,000 | 2,384,286 | - |
| 2009 | 1,625,000 | - | 485,000 | - | 875,000 | 2,250,224 | - |

| Fiscal Year | Total (Governmental and Business - Type) | | Percentage of Personal Income ^{7,8} | Per Capita ⁷ |
|-------------|--|-----------------|--|-------------------------|
| | Governmental | Business - Type | | |
| 2000 | 6,991,094 | 925 | 0.03% | 844 |
| 2001 | 6,811,254 | 844 | 0.03% | 1,150 |
| 2002 | 9,657,044 | 1,083 | 0.04% | 925 |
| 2003 | 9,305,611 | 819 | 0.04% | 696 |
| 2004 | 8,558,354 | 655 | 0.03% | 574 |
| 2005 | 7,720,443 | 537 | 0.02% | N/A |
| 2006 | 6,670,710 | | 0.02% | N/A |
| 2007 | 6,346,949 | | | |
| 2008 | 5,589,286 | | | |
| 2009 | 5,235,224 | | | |

Source:

City of Fairview Annual Financial Reports

Notes:

- ¹ City Hall
- ² Sewer Construction Fairview Lake Local Improvement District
- ³ Sewer Construction Fairview Lake Local Improvement District (paid off associated line of credit and issued a limited special assessment).
- Outstanding debt difference was paid in full using assessments received from the related property owner.
- ⁴ Water reservoir project
- ⁵ Notes payable to the City of Gresham for increased sewer capacity
- ⁶ Sandy Boulevard sewer extension
- ⁷ Calculations use information from schedule of Demographic and Economic Statistics
- ⁸ Percentage of Personal Income revised 2005, 2006, 2007, due to updated income figures

N/A = information not available

CITY OF FAIRVIEW, OREGON
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

| Fiscal Year | Population ¹ | Assessed Value ² | Gross General Obligation Bonded Debt ³ | Less: Debt Service Fund ⁴ | Net General Obligation Bonded Debt | Net Bonded Debt per \$1,000 Assessed Value | Net Bonded General Obligation Debt Per Capita |
|-------------|-------------------------|-----------------------------|---|---|--|--|---|
| 2000 | 7,561 | 241,374,471 | - | - | - | - | - |
| 2001 | 8,070 | 273,923,688 | - | - | - | - | - |
| 2002 | 8,400 | 312,206,184 | - | - | - | - | - |
| 2003 | 8,590 | 346,989,639 | - | - | - | - | - |
| 2004 | 9,250 | 375,364,119 | - | - | - | - | - |
| 2005 | 9,425 | 405,386,662 | - | - | - | - | - |
| 2006 | 9,585 | 441,358,940 | - | - | - | - | - |
| 2007 | 9,695 | 465,962,617 | - | - | - | - | - |
| 2008 | 9,735 | 502,218,440 | - | - | - | - | - |
| 2009 | 9,740 | 544,859,454 | - | - | - | - | - |

Sources:

¹ Portland State University Population Research Center (City of Fairview estimates as of July 1st - except 2000, which is a census figure)

² Multnomah County Tax Supervising & Conservation Commission

³ City of Fairview annual financial reports

⁴ City of Fairview annual financial reports

CITY OF FAIRVIEW, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2009

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ¹</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-------------------------|---|--|
| Debt repaid with property taxes: | | | |
| Metro | \$ 197,536,896 | 0.44% | \$ 878,433 |
| Multnomah County | 56,570,000 | 0.96% | 541,179 |
| Reynolds School District # 7 | 48,525,000 | 11.31% | 5,489,158 |
| Tri-Met | 36,380,000 | 0.45% | 163,109 |
| Other: | | | |
| Metro | 56,861,133 | 0.44% | 252,857 |
| Mt. Hood Community College | 59,199,301 | 2.67% | 1,581,803 |
| Multnomah County | 234,078,901 | 0.96% | 2,239,323 |
| Multnomah County ESD | 36,785,000 | 0.94% | 346,485 |
| Port of Portland | 72,315,647 | 0.40% | 291,154 |
| Reynolds School District # 7 | 102,116,314 | 11.31% | 11,551,418 |
| Tri-Met | 230,031 | 0.45% | 1,031 |
| Subtotal, overlapping debt | | | 23,335,950 |
| City of Fairview direct debt | | | 4,359,824 |
| Total direct and overlapping debt | | | 27,695,774 |

Source:

Outstanding debt and assessed value information provided by Multnomah county Tax Supervising and Conservation Commission

Note:

Overlapping debt is debt of various public organizations whose geographic area overlaps City of Fairview boundaries. This schedule estimates the portion of other public organization debt that certain taxpayers in Fairview are responsible for. In order to be responsible for the overlapping debt, taxpayers must reside within both Fairview city limits and the boundaries of the other public organization which has incurred the debt.

¹ Calculation of total City of Fairview assessed value divided by governmental unit assessed value.

CITY OF FAIRVIEW, OREGON
PLEDGED - REVENUE COVERAGE
Last Ten Fiscal Years
(accrual basis of accounting)

| Water Revenue Bonds | | | | | | | |
|---------------------|-------------------|--------------------------|-----------------------|--------------|----------|-----------|----------|
| Fiscal Year | Operating Revenue | Less: Operating Expenses | Net Available Revenue | Debt Service | | | Coverage |
| | | | | Principal | Interest | Total | |
| 2000 | 772,784 | 473,392 | 299,392 | 30,000 | 93,315 | 123,315 | 2.43 |
| 2001 | 827,588 | 619,189 | 208,399 | 35,000 | 91,755 | 126,755 | 1.64 |
| 2002 | 861,819 | 673,257 | 188,562 | 50,000 | 89,900 | 139,900 | 1.35 |
| 2003 | 881,285 | 704,156 | 177,129 | 50,000 | 87,275 | 137,275 | 1.29 |
| 2004 | 903,500 | 829,934 | 73,566 | 55,000 | 84,525 | 139,525 | 0.53 |
| 2005 ¹ | 845,931 | 814,427 | 31,504 | 1,405,000 | 73,408 | 1,478,408 | 0.02 |
| 2006 | 916,824 | 1,161,229 | (244,405) | 90,000 | 44,840 | 134,840 | (1.81) |
| 2007 | 993,217 | 1,026,348 | (33,131) | 90,000 | 42,815 | 132,815 | (0.25) |
| 2008 | 1,006,170 | 999,550 | 6,620 | 90,000 | 40,340 | 130,340 | 0.05 |
| 2009 | 1,099,500 | 957,592 | 141,908 | 95,000 | 37,640 | 132,640 | 1.07 |

| Sewer Notes Payable | | | | | | | |
|---------------------|-------------------|--------------------------|-----------------------|--------------|----------|---------|----------|
| Fiscal Year | Operating Revenue | Less: Operating Expenses | Net Available Revenue | Debt Service | | | Coverage |
| | | | | Principal | Interest | Total | |
| 2000 | 1,082,462 | 835,790 | 246,672 | - | - | - | - |
| 2001 | 1,126,624 | 1,034,629 | 91,995 | - | - | - | - |
| 2002 | 1,170,938 | 1,167,113 | 3,825 | - | - | - | - |
| 2003 | 1,205,520 | 1,350,142 | (144,622) | - | - | - | - |
| 2004 | 1,188,165 | 1,445,577 | (257,412) | - | - | - | - |
| 2005 | 1,207,888 | 1,337,618 | (129,730) | - | - | - | - |
| 2006 ² | 1,311,206 | 1,613,110 | (301,904) | 118,733 | 115,180 | 233,913 | (1.29) |
| 2007 | 1,478,554 | 1,739,475 | (260,921) | 123,761 | 110,153 | 233,914 | (1.12) |
| 2008 | 1,611,398 | 1,772,528 | (161,130) | 127,663 | 104,913 | 232,577 | (0.69) |
| 2009 | 1,809,535 | 1,566,050 | 243,485 | 134,062 | 98,922 | 232,984 | 1.05 |

Source:
City of Fairview Annual Financial Reports

Note:
¹ In fiscal year ended 6/30/05, the Water Revenue Bonds issued 10/1/94 were refunded by issuing Series 2004 Water Revenue Refunding Bonds.
² Sewer Notes Payable were initiated in fiscal year 2001/2002. Initially, annual principal and interest payments were made from the Sewer Improvement Fund. Beginning in fiscal year 2005/2006, payments began to be made from the Sewer Operating Fund.

CITY OF FAIRVIEW, OREGON
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|-----------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|
| Debt Limit | 9,520,461 | 11,088,237 | 12,577,293 | 13,865,635 | 15,414,372 | 16,716,467 | 19,158,276 | 21,567,556 | 25,013,817 | 27,067,434 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | 9,520,461 | 11,088,237 | 12,577,293 | 13,865,635 | 15,414,372 | 16,716,467 | 19,158,276 | 21,567,556 | 25,013,817 | 27,067,434 |
| Total net debt applicable to the limit as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Legal Debt Margin Calculation for Fiscal Year 2008 | | | | | | | | | | |
| Real market value (2008 / 2009) | | | | | | | 902,247,800 | | | |
| Debt limit (3% of total real market value) | | | | | | | 27,067,434 | | | |
| Debt subject to limit | | | | | | | - | | | |
| Legal debt margin | | | | | | | 27,067,434 | | | |

Source:
City of Fairview Annual Financial Reports

Note:
Oregon Revised Statute 287.004 restricts general obligation debt (not related to water, sanitary sewer, storm sewer, or sewage disposal plants nor issued to pay assessments for improvements in installments) to 3% of the total real market value. There are currently no General Obligation bonds outstanding that meet this criteria.
As a result, the legal debt margin equals the debt limitation implemented by ORS 287.004.

CITY OF FAIRVIEW, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

| Fiscal Year | Population¹ | Personal Income (in thousands)² | Per Capita Personal Income³ | Unemployment Rate⁴ |
|--------------------|-------------------------------|---|---|--|
| 2000 | 7,561 ⁵ | 21,384,426 | 32,314 | 4.8% |
| 2001 | 8,070 | 22,589,707 | 33,728 | 5.1% |
| 2002 | 8,400 | 23,078,170 | 34,100 | 7.7% |
| 2003 | 8,590 | 23,388,512 | 34,436 | 8.3% |
| 2004 | 9,250 | 24,052,307 | 35,757 | 8.0% |
| 2005 | 9,425 | 24,744,957 | 36,650 | 6.7% |
| 2006 | 9,585 | 26,714,807 | 39,017 | 5.5% |
| 2007 | 9,695 | 28,385,388 | 40,598 | 5.1% |
| 2008 | 9,735 | N/A | N/A | 5.0% |
| 2009 | 9,740 | N/A | N/A | 8.6% |

Sources:

¹ Portland State University Population Research Center (City of Fairview population estimates as of July 1st)

² Bureau of Economic Analysis (Multnomah County personal income, calendar year basis)

2005 and 2006 figures revised from prior year

³ Bureau of Economic Analysis (Multnomah County per capita personal income, calendar year basis)

2001 through 2006 figures revised from prior year

⁴ State of Oregon Employment Department (average annual unemployment for Multnomah County)

⁵ Census figure

N/A = information not available

**CITY OF FAIRVIEW, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago¹**

| 2008-2009 | | | |
|---|-------------------------------|----------------|--|
| Employer | Employees ² | Rank | Percentage of Total City Employment |
| Townsend Farms | 1,100 | 1 ⁴ | 38.25% |
| Reynolds School District | 385 | 2 ⁴ | 13.39% |
| NW Material Handling Group | 220 | 3 | 7.65% |
| Knight Transportation | 194 | 4 | 6.75% |
| Target | 88 | 5 | 3.06% |
| | <u>1,987</u> | | <u>69.09%</u> |
| Total Fairview Employment ³ | <u>2,876</u> | | |

¹ Employment data from 1999-2000 was unavailable.

Sources:

² FTE employee information provided by individual employers.
Figures may vary due to seasonal employment.

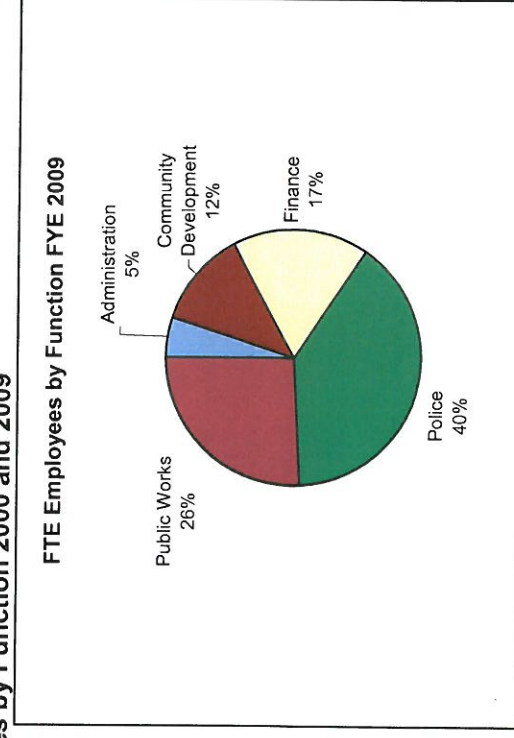
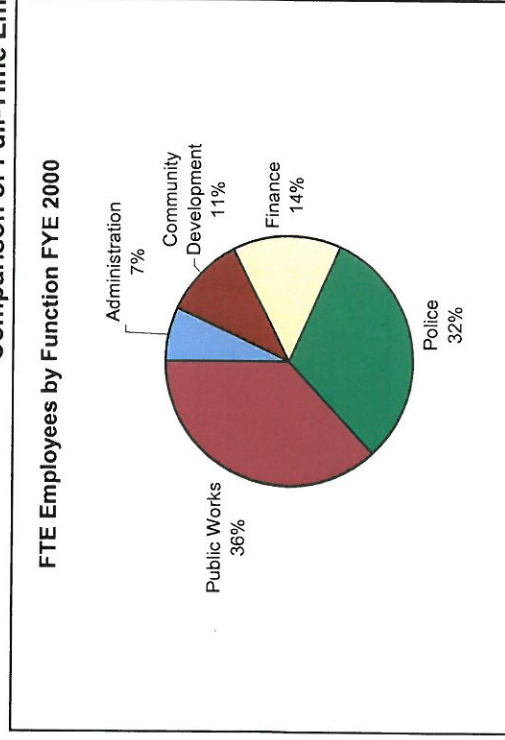
³ Total Fairview Employment data provided by the State of Oregon Employment Department Workforce and Economic Research section. Total employment is an estimate and varies due to seasonal employment. In addition, this figure captures only those employees for whom worker's compensation insurance is provided.

⁴ Employment information for these employers was unavailable.
2007-2008 figures were used as estimates.

CITY OF FAIRVIEW, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

| Function | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Administration | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Community Development | 3.0 | 4.0 | 4.0 | 3.5 | 4.5 | 4.5 | 5.0 | 5.0 | 4.0 | 5.0 |
| Finance | 4.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 7.0 | 7.0 |
| Police | | | | | | | | | | |
| Officers | 8.0 | 8.0 | 9.0 | 10.0 | 10.0 | 11.0 | 12.0 | 13.0 | 13.0 | 14.0 |
| Civilians | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.5 | 2.0 |
| Public Works | | | | | | | | | | |
| | 10.5 | 11.5 | 12.5 | 12.0 | 11.0 | 11.0 | 10.5 | 11.5 | 11.5 | 10.5 |
| Total | 28.5 | 31.5 | 33.5 | 33.5 | 33.5 | 34.5 | 36.5 | 38.5 | 39.0 | 40.5 |

Comparison of Full-Time Employees by Function 2000 and 2009



Source: City of Fairview budget actuals

CITY OF FAIRVIEW, OREGON

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

| Function / Program | Fiscal Year | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Governmental Activities: | | | | | | | | | | |
| Community Development ¹ | | | | | | | | | | |
| Residential building permits issued | 219 | 163 | 154 | 90 | 99 | N/A | N/A | N/A | 20 | 19 |
| Commercial building permits issued ² | 12 | 23 | 10 | 34 | 46 | N/A | N/A | N/A | 48 | 63 |
| Police ³ | | | | | | | | | | |
| Calls for service | N/A | N/A | N/A | 4517 | 4,113 | 4,294 | 4,317 | 4,212 | 4,003 | N/A |
| Part I crimes ^{4a} | 76 | 457 | 425 | 440 | 397 | 458 | 390 | 376 | 330 | N/A |
| Part II crimes ^{5a} | 49 | 455 | 382 | 425 | 418 | 343 | 299 | 318 | 370 | N/A |
| Business - Type Activities: | | | | | | | | | | |
| Water | | | | | | | | | | |
| Accounts | N/A | 1,244 | 1,398 | 1,480 | 1,487 | 1,490 | 1,528 | 1,577 | 1,636 | 1,652 |
| Average daily production (millions of gallons) | 0.68 | 0.71 | 0.76 | 0.86 | 0.81 | 0.72 | 0.72 | 0.72 | 0.75 | 0.73 |
| Sewer | | | | | | | | | | |
| Accounts (revised data 1999-2007) | N/A | 1,544 | 1,732 | 1,828 | 1,839 | 1,845 | 1,891 | 1,946 | 1,993 | 2,021 |
| Average daily consumption (millions of gallons) ⁷ | 0.78 | 0.80 | 1.06 | 1.03 | 0.95 | 0.71 | 0.84 | 0.82 | 0.80 | 0.69 |
| Stormwater | | | | | | | | | | |
| Accounts | N/A | 1,433 | 1,621 | 1,727 | 1,752 | 1,753 | 1,831 | 1,885 | 1,847 | 1,868 |

Sources:

Community Development information provided by City of Fairview Community Development Department.

Police information provided by Portland, Oregon Bureau of Emergency Communications (BOEC).

Water, Sewer, and Stormwater account information gathered from City of Fairview utility billing reports.

Water and Sewer average daily production/consumption information provided by City of Fairview Public Works Department.

N/A = Data not available

¹ Community Development information was not tracked in 2005, 2006, or 2007. City staff began tracking and reporting information again in 2008.

² Includes permits issued for industrial purposes

³ Police statistics are reported on a calendar year basis

⁴ Part I Crimes include: homicide, forcible rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson

⁵ Part II Crimes include: simple assault, forgery / counterfeit, fraud, embezzlement, stolen property, vandalism, weapons laws, prostitution, other sex offenses, drug abuse, gambling, offenses against family, D.U.I., liquor laws, disorderly conduct, negligent homicide, all other, curfew - juveniles, runaway - juveniles, and kidnapping

⁶ Began compiling statistics for Part I and Part II crimes in June of 2000

⁷ Figures do not include Fairview properties discharging to Gresham Interceptor (only those metered by Fairview)

CITY OF FAIRVIEW, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

| Function / Program | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Governmental Activities: | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Parks acreage | 14.96 | 14.96 | 17.22 | 17.22 | 17.22 | 17.22 | 17.22 | 17.22 | 22.39 | 25.29 |
| Wetland Parks acreage | 75.31 | 75.31 | 75.31 | 75.31 | 75.31 | 75.31 | 75.31 | 75.31 | 75.31 | 62.34 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| K-9 officers | - | - | - | - | - | - | - | 1 | 1 | 1 |
| ¹ Patrol units | N/A | 11 | 10 | 10 | 12 | 12 | 13 | 12 | 13 | 12 |
| Business - Type Activities: | | | | | | | | | | |
| Water | | | | | | | | | | |
| Water main lines (miles) | 21.84 | 21.84 | 22.31 | 22.31 | 22.31 | 22.31 | 22.91 | 23.13 | 22.63 | 22.63 |
| Daily storage capacity (millions of gallons) | 3 | 3 | 3 | 3 | 3 | 3 | 6 | 6 | 6 | 6 |
| Daily production capacity (millions of gallons) | 2.08 | 2.08 | 2.08 | 4.72 | 4.72 | 4.72 | 4.72 | 4.72 | 4.72 | 3.80 |
| Sewer | | | | | | | | | | |
| Sewer lines (miles) | 24.07 | 24.07 | 24.41 | 24.41 | 24.41 | 24.41 | 24.89 | 25.11 | 25.34 | 25.34 |
| ² Daily plant capacity (millions of gallons) | 0.80 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.30 |
| Storm Water | | | | | | | | | | |
| Service lines (miles) | 12.08 | 12.08 | 12.39 | 12.39 | 12.49 | 12.49 | 13.21 | 13.37 | 13.15 | 13.60 |
| Transportation | | | | | | | | | | |
| Streets (miles) | 9.04 | 9.04 | 10.20 | 11.12 | 11.59 | 11.59 | 12.95 | 13.14 | 18.00 | 18.16 |
| Traffic signals | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

N/A Information not available

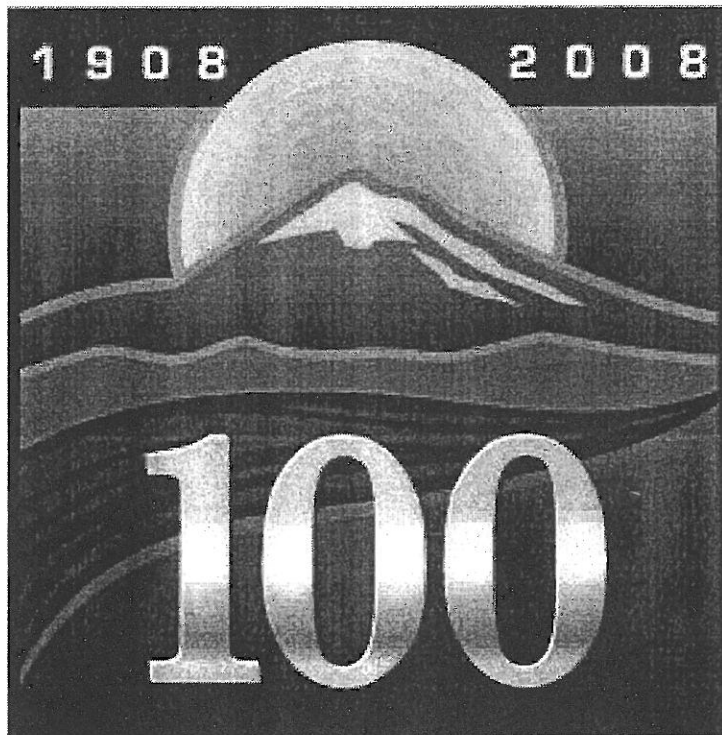
Source:

¹ Patrol unit information provided by Beecher Carlson Insurance Agency, LLC

Note:

² Daily capacity purchased from the City of Gresham

FAIRVIEW

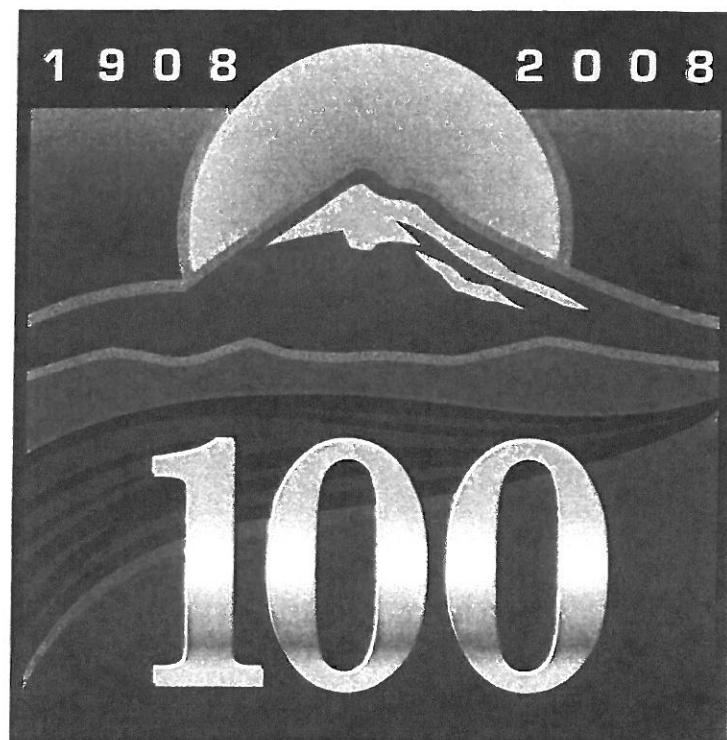


CENTENNIAL YEAR

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 162-10-000 through 162-16-000 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in the Financial Section of this report. Required comments and disclosures related to my examination of such statements and schedules are set forth in the following pages.

FAIRVIEW



CENTENNIAL YEAR

INDEPENDENT AUDITOR'S COMMENTS

Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required schedules, comments, and disclosures not included in the preceding section of this report are set forth as follows:

1. ACCOUNTING SYSTEMS AND INTERNAL CONTROL

We found the accounting system of the City of Fairview, Oregon to be adequate for audit purposes. The internal controls for the City are generally operating as designed, however, there was a material weakness reported in accordance with SAS 112 and *Government Auditing Standards*. We noted other matters involving internal control, which we have reported to management of the City of Fairview in a separate letter, dated December 30, 2009.

2. INVESTMENTS

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, for the year ended June 30, 2009.

3. COLLATERAL

Oregon Revised Statutes (ORS) Chapter 295 provides that public officials must ensure the banks they are doing business with are on the Office of the State Treasurer's (OST) list of qualified depositories. Public officials are also required to report to OST all bank depositories in which they deposit public funds.

Our review of the City's deposited funds did disclose an instance in which the City deposited funds with an unapproved depository, however, the amounts held with this depository were fully covered by the Federal Deposit Insurance Corporation ("FDIC"). Our review of the City's deposited funds did not disclose any instances where the City did not properly notify the OST of what depositories held their public funds, as required by ORS 295.

4. INDEBTEDNESS

We reviewed compliance relating to short-term and long-term debt, including limitations of the amount of debt, which may be incurred, liquidation of debt within the prescribed period of time, and compliance with provisions of bond indentures or other agreements. We found no instances in which the City had not complied with these legal or contractual provisions relating to short-term or long-term debt.

5. BUDGET

We reviewed the preparation, adoption, and execution of the City's budget and supplemental budgets for 2008-09 and the preparation and adoption of the budget for 2009-10.

The City has complied with statutory requirements in all material respects for the current and ensuing year's budget except for the following:

The City did not publish the second notice of budget committee meeting at least 5 days prior to the meeting being held.

The City's published "Notice of Budget Hearing" did not include all funds with an approved budget.

Expenditures exceeded appropriations for the 2008-09 budget in the following amounts:

| | |
|------------------------|----------|
| City Hall Debt Fund: | |
| Materials and services | \$ 1,000 |

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary controls are established at the personal services, materials and services, capital outlay, debt service, contingency, and all other requirement levels.

6. INSURANCE AND FIDELITY BONDS

We reviewed the City's insurance and fidelity bond coverage at June 30, 2009, and ascertained that such policies appeared to be in force. We are not competent by training to comment whether the insurance policies of the City in force at June 30, 2009, are adequate. The City has complied with provisions of ORS 221.903 regarding bonding of City personnel.

7. PROGRAMS FUNDED FROM OUTSIDE SOURCES

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the City complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and, for the items tested, financial reports and related data were materially in agreement with and supported by the accounting records.

8. PUBLIC CONTRACTS AND PURCHASING

We have reviewed the City's compliance with ORS 279, pertaining to the awarding of public contracts and the construction of public improvements. Our review disclosed no conditions, which we considered to be matters of noncompliance of the City's bidding procedures or quote procedures.

9. HIGHWAY FUNDS

The City appears to have complied with the provisions of Article IX, Section 3a of the Oregon Constitution and ORS Sections 294, 368 and 373 in regards to the expenditures of motor vehicle use funds.

10. STATEMENT OF ACCOUNTABILITY FOR INDEPENDANTLY ELECTED OFFICIALS

This statement is not applicable to the City of Fairview.



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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

December 30, 2009

To the Honorable Mayor and
Members of the City Council
City of Fairview, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City of Fairview, Oregon's basic financial statements and have issued our report thereon dated Date to come. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Fairview, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of the City of Fairview's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fairview's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Fairview's ability to initiate, authorize, record, process, or report financial data reliably in accordance with

generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Fairview's financial statements that is more than inconsequential will not be prevented or detected by the City of Fairview's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting.

The City's controls over the fiscal year end financial reporting process rely largely on manual adjustments to record activity on the modified accrual basis of accounting. We found significant adjustments required in the areas of cash, accounts receivable, property taxes receivable, assessments receivable, payroll payable, deferred revenue and debt expenditures which could be reduced in the future through secondary reviews of accruals and other year-end adjustments, improved communication between staff, and comparison of the June 30 account balances to the prior year amounts, while considering current year expectations.

There continues to be a significant deficiency in regards to the City's present accounting system software. The present capabilities continue to be inadequate, in that the system is not integrated within the modules. Therefore, staff is required to make journal entries for all transactions occurring in the modules used such as accounts receivable, accounts payable, utility billing, court accounts receivable and payroll instead of the systems posting of transactions, if modules were integrated. The requirement to make journal entries increases the risks of errors which might not be detected.

Additionally, the court accounts receivable, net of uncollectible accounts, is not readily accessible. The report furnished by the system included all individual accounts and included those turned over for collection. It appears the present system is not capable of providing a report of active accounts. Management was required to make an estimate of active accounts.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Fairview's internal control. We consider the significant deficiency over fiscal year end financial reporting mentioned above to also be a material weakness.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fairview's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

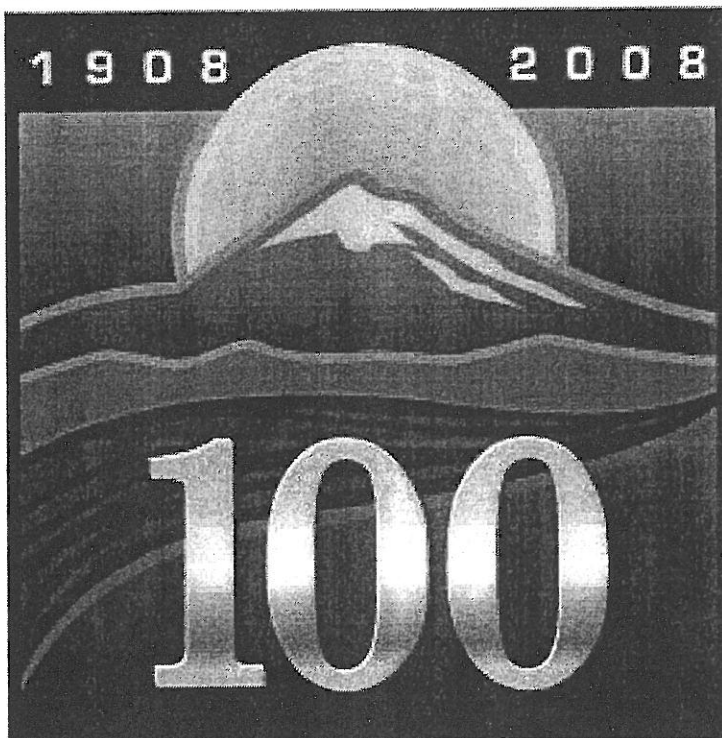
We noted certain other matters that we reported to management of the City of Fairview's in a separate letter dated December 30, 2009.

This report is intended solely for the information and use of the Mayor and Members of City Council, management of the City of Fairview, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dickey and Tremper, LLP
Dickey and Tremper, LLP

Certified Public Accountants

FAIRVIEW



CENTENNIAL YEAR